Public Accounts

of the province of

Prince Edward Island

Volume II

Operating Fund Financial Statements
Details of Revenues and Expenditures
Financial Statements of Agencies and Crown Corporations

For the Year Ended March 31st

2004

105-06786/

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2004

Province of Prince Edward Island

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The financial statements of Agencies, Boards and Crown Corporations provided in Volume II have been printed from electronic files provided by the organizations. In some cases signatures of boards and auditors have not been provided in the electronic files.

Province of
Prince Edward Island

Operating Fund

Statements and Schedules

Government of the Province of Prince Edward Island

Statement of Responsibility

Responsibility for the integrity and objectivity of the financial statements rests with the Government. The financial statements are prepared by the Comptroller in accordance with the stated accounting policies of the Government. These financial statements include a statement of financial position, statement of operations, statement of changes in net debt and statement of cash flows, accounting policies and notes and schedules integral to the statements. Together, they present fairly, in all material respects, the Government's financial condition at the fiscal year end and results of operations for the year then ended. More detailed information regarding the Government's financial position and operating results can be found in other sections of either Volume I or Volume II.

On behalf of the Government

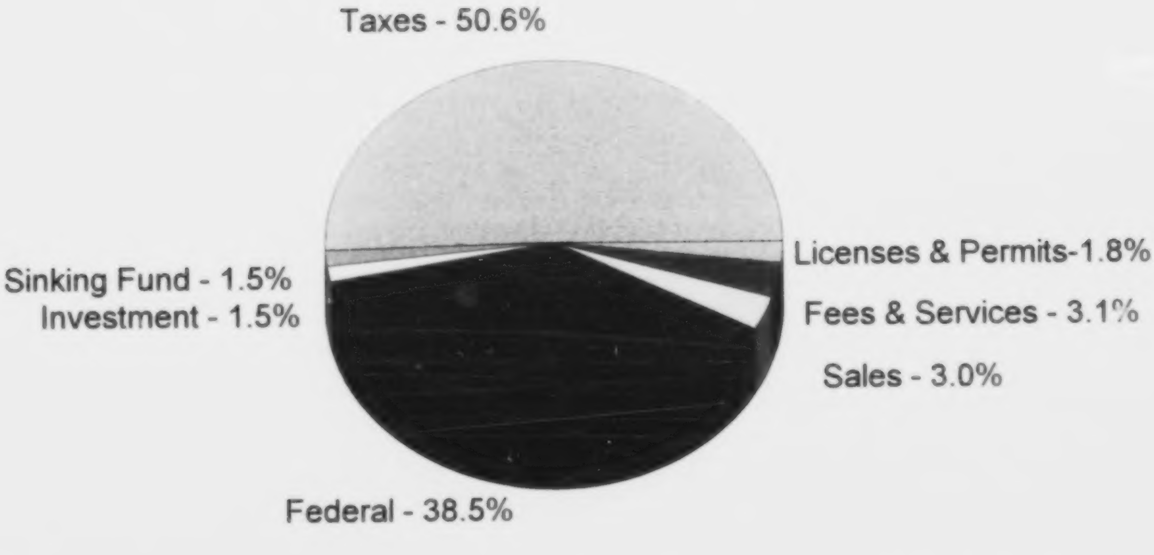
Mitch Murphy

Hon. Mitch Murphy
Provincial Treasurer

January, 2005

Revenue

Operating Fund

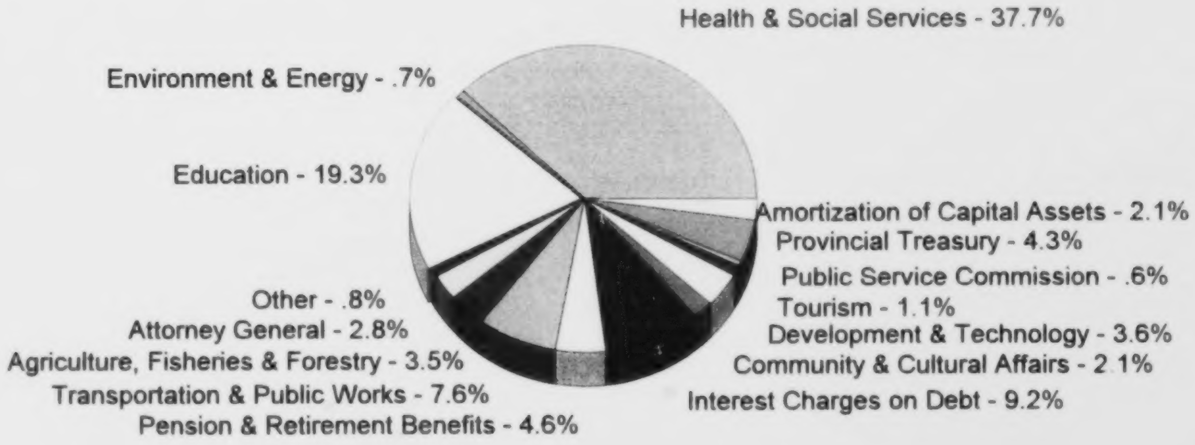


Total revenue for the Operating Fund in 2003/04 was $996.3 million, an increase of $46.2 million over the previous year.

Increases were mainly in Federal Government ($48.7 million) and Taxes ($9.6 million). The increases in revenue were partly offset by decreases in Fees and Services ($10.6 million).

Expense by Ministry

Operating Fund

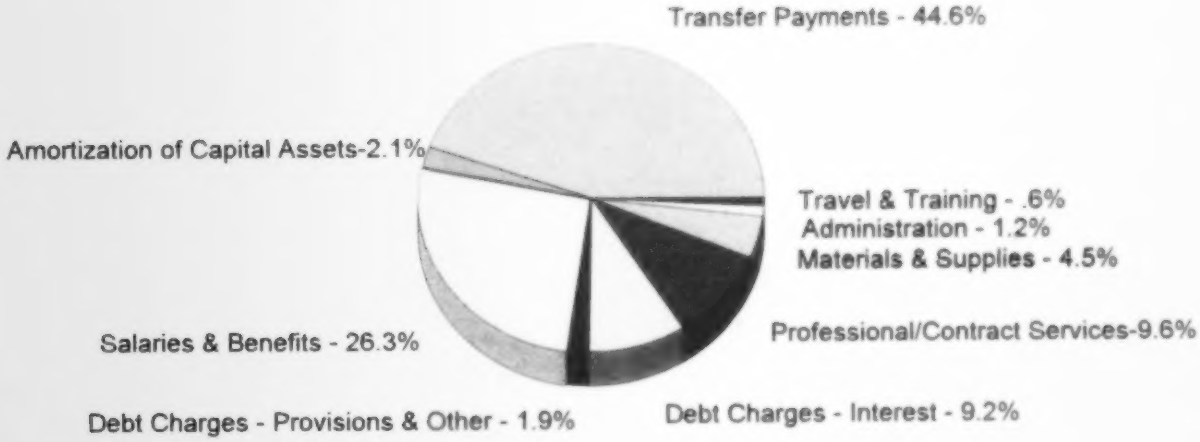


Total expense for the Operating Fund in 2003/04 was $1.1 billion, an increase of $105.3 million over the previous year.

Increases were mainly in Health and Social Services ($22 million), Provincial Treasury ($16.9 million) and Education ($16.8 million).

Expense by Object

Operating Fund



Total expense for the Operating Fund in 2003/04 was $1.1 billion, an increase of $105.3 million over the previous year.

Increases were mainly in Salaries and Benefits ($43.3 million), Transfer Payments ($29 million) and Debt Charges - Provisions and Other ($14.4 million).

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Prince Edward Island

These financial statements report transactions and events of the Operating Fund only. Significant financial activities of the Government occur outside this Fund. Therefore, readers should not use the Operating Fund's financial statements to understand and assess the Government's management of public financial affairs and resources as a whole.

Volume 1 of the Public Accounts includes a more complete set of financial statements. Those statements are called the *Consolidated Financial Statements* of the Province of Prince Edward Island. Their purpose is to report the full nature and extent of the financial affairs and resources for which the Government is responsible. Please refer to those summary statements to understand and assess the Government's management of public financial affairs and resources as a whole.

I have audited the Operating Fund statement of financial position of the Province of Prince Edward Island as at March 31, 2004 and the statement of operations, changes in net debt and cash flows for the year then ended. These statements are the responsibility of Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these Operating Fund financial statements present fairly, in all material respects, the financial position of the Operating Fund of the Province of Prince Edward Island as at March 31, 2004 and the results of its operations, the changes in net debt and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for governments as recommended by The Canadian Institute of Chartered Accountants.

Additional information and comments on the financial statements are included in my Annual Report to the Legislative Assembly.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
January 10, 2005

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund

Statement of Financial Position

as at March 31, 2004

		2004	2003 Restated
	FINANCIAL ASSETS	**($000)**	**($000)**
Schedule			
1	Accounts and Taxes Receivable	100,635	113,695
2	Treasury Advances	586	552
3	Property Holdings	24,936	106
4	Investments	4	4
5	Sinking Fund and Debt Reduction Fund	221,673	228,457
6	Loans Receivable	216,374	191,612
7	Deferred Charges	51,168	171,993
	Total Financial Assets	**615,376**	**706,419**
	LIABILITIES		
8	Bank Advances	4,420	6,730
9	Deferred Revenue/Credits	10,751	9,612
10	Accounts Payable	174,441	130,858
11	Accrued Liabilities	34,051	36,144
12	Short Term Loans	210,000	155,000
13	Obligation Under Capital Leases	4,967	5,175
14	Loans Payable	426	822
15	Pension, Retirement and Other Obligations	277,384	392,592
5	Debentures	1,149,819	1,089,279
	Total Liabilities	**1,866,259**	**1,826,212**
	NET DEBT	**1,250,883**	**1,119,793**
	Non-Financial Assets		
16	Prepaid Expenses	2,005	1,631
17	Tangible Capital Assets	228,001	227,651
		230,006	229,282
	Accumulated Deficits	**1,020,877**	**890,511**

Supplementary Information (see schedules)

18 Trust Funds

19 Guaranteed Debt

Change in accounting policy - Note 3

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Statement of Operations
for the year ended March 31, 2004

Schedule		2004 Unaudited Budget Excerpts ($000)	2004 Actual ($000)	2003 Restated Actual ($000)
	REVENUE			
22	Taxes	513,412	504,086	494,536
23	Licenses and Permits	16,174	17,777	17,804
24	Fees and Services	29,390	30,796	41,435
25	Sales	30,675	30,120	28,911
26	Investment	14,810	14,772	14,872
27	Government of Canada	404,108	384,067	335,351
	Capital Revenue	270	-	-
	Sinking Fund Earnings	13,225	14,707	17,231
	Total Revenue	**1,022,064**	**996,325**	**950,140**
	EXPENSE			
28	Agriculture, Fisheries, Aquaculture and Forestry	34,614	38,895	30,567
	Attorney General	32,025	31,912	30,720
	Auditor General	1,271	1,128	1,019
	Community and Cultural Affairs	22,093	24,089	19,816
29	Development and Technology	39,051	40,910	44,634
30	Education	211,554	217,070	200,254
31	Environment and Energy	7,415	7,455	6,811
	Executive Council	3,025	3,067	2,952
32	Health and Social Services	421,392	425,346	403,323
	Legislative Assembly	3,318	4,192	3,119
33	Provincial Treasury	28,133	48,426	31,508
34	Public Service Commission	6,458	7,079	5,936
35	Tourism	11,732	12,243	11,265
36	Transportation and Public Works	77,503	85,817	77,804
	Total Program Expense	**899,584**	**947,629**	**869,728**
37	Pension and Retirement Benefits (Note 7d)	18,607	51,921	25,997
	Interest Charges on Debt	105,409	103,645	100,935
17	Amortization of Tangible Capital Assets	24,024	23,496	24,714
	Total Expense	**1,047,624**	**1,126,691**	**1,021,374**
	SURPLUS (DEFICIT)	**(25,560)**	**(130,366)**	**(71,234)**
	Accumulated Surplus (Deficit), Beginning of Year		(890,511)	(819,277)
	Accumulated Surplus (Deficit), End of Year		**(1,020,877)**	**(890,511)**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Statement of Changes in Net Debt
for the year ended March 31, 2004

	2004 ($000)	2003 Restated ($000)
Net Debt, Beginning of Year, as Previously Reported	1,118,162	1,053,030
Adjustment for Accounting Changes (Note 3)		
Transfer of Prepaid Expenses to Non-Financial Assets	1,631	3,329
Net Debt, Beginning of Year Restated	**1,119,793**	**1,056,359**
Net Debt Increased by:		
Annual Deficit	130,366	71,234
Increase (Decrease) in Tangible Capital Assets		
Acquisition of Tangible Capital Assets	24,381	19,180
Amortization of Tangible Capital Assets	(23,496)	(24,714)
Disposal of Tangible Capital Assets	(535)	(568)
	350	(6,102)
Increase (Decrease) in Prepaid Expenses	374	(1,698)
Increase in Net Debt	**131,090**	**63,434**
Net Debt, end of year	**1,250,883**	**1,119,793**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Statement of Cash Flows
for the year ended March 31, 2004

	2004 ($000)	2003 Restated ($000)
Operating Activities		
Surplus (Deficit) for the year	(130,366)	(71,234)
Amortization of Tangible Capital Assets	23,496	24,714
Changes in:		
Accounts and Taxes Receivable - (Increase) Decrease	13,060	(13,179)
Treasury Advances - (Increase) Decrease	(34)	654
Property Holdings - (Increase) Decrease	(24,830)	(18)
Prepaid Expenses - (Increase) Decrease	(374)	1,698
Deferred Charges - (Increase) Decrease	120,825	(166,036)
Deferred Revenue - Increase (Decrease)	1,139	(26,544)
Accounts Payable - Increase (Decrease)	43,584	(15,663)
Accrued Liabilities - Increase (Decrease)	(2,093)	7,473
Pension, Retirement and Other Obligations - Increase (Decrease)	(115,208)	177,690
Cash Provided by (Used for) Operating Activities	**(70,801)**	**(80,445)**
Investing Activities		
Changes in:		
Net Loans Receivable - (Increase) Decrease	(24,763)	6,806
Cash Provided by (Used for) Investing Activities	**(24,763)**	**6,806**
Capital Activities		
Acquisition of Tangible Capital Assets	(24,381)	(19,180)
Disposal of Tangible Capital Assets	535	568
Cash Provided by (Used for) Capital Activities	**(23,846)**	**(18,612)**
Financing Activities		
Debentures Issued	111,135	111,360
Debentures Matured / Called	(50,595)	(63,811)
Changes in:		
Short Term Loans - Increase (Decrease)	55,000	45,000
Long Term Loans - Increase (Decrease)	(396)	(1,031)
Obligation Under Capital Leases - Increase (Decrease)	(208)	(194)
Sinking Fund - (Increase) Decrease	6,784	20,005
Cash Provided by (Used for) Financing Activities	**121,720**	**111,329**
Increase (Decrease) in Cash and Temporary Investments	2,310	19,078
Cash and Short Term Deposits (Bank Advances), beginning of year	(6,730)	(25,808)
Cash and Short Term Deposits (Bank Advances), end of year	**(4,420)**	**(6,730)**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Sinking Fund and Debt Reduction Fund
Statement of Financial Position
as at March 31, 2004

	2004 ($000)	2003 ($000)
ASSETS		
Cash	4	123
Accrued Interest	2,143	2,718
Accounts Receivable	28,254	15,526
	30,401	18,367
Investments	191,272	210,098
Total Assets	**221,673**	**228,465**
LIABILITIES		
Accounts Payable	-	8
SINKING FUND (DEBENTURES) RESERVE	180,578	171,476
DEBT REDUCTION FUND RESERVE	41,095	56,981
	221,673	228,457
Total Liabilities and Fund Reserves	**221,673**	**228,465**

PROVINCE OF PRINCE EDWARD ISLAND

Sinking Fund and Debt Reduction Fund
Statement of Financial Activities
for the year ended March 31, 2004

	2004 ($000)	2003 ($000)
Sinking Fund Earnings		
Interest	15,444	16,921
Gain (Loss) on Sale of Debentures	(78)	849
	15,366	17,770
Expenses		
Bank Charges	42	46
Amortization of Debenture Premium	617	493
	659	539
Net Sinking Fund Earnings	**14,707**	**17,231**
Add:		
Instalments from Operating Fund	14,174	11,698
Debentures Issued During the Year	11,135	11,360
Less:		
Debentures Which Matured During the Year	(46,800)	(60,294)
Increase (Decrease) in Sinking Fund Reserve	**(6,784)**	**(20,005)**
Sinking Fund Reserves, Beginning of Year	**228,457**	**248,462**
Sinking Fund Reserves, End of Year	**221,673**	**228,457**

PROVINCE OF PRINCE EDWARD ISLAND

Sinking Fund and Debt Reduction Fund
Statement of Investments
as at March 31, 2004

	2004 ($000)	2003 ($000)
Book Value of Investments		
Debentures - Par Value	120,989	140,393
Add: Unamortized Premium	2,156	2,481
	123,145	142,874
Debentures - Residuals	68,127	67,224
Total Book Value of Investments	**191,272**	**210,098**
Market Value of Investments		
Debentures	**225,248**	**236,963**

PROVINCE OF PRINCE EDWARD ISLAND

Notes to Operating Fund Financial Statements
For the year ended March 31, 2004

1 (a) Reporting Entity

In accordance with the Financial Administration Act, the financial position of the Operating Fund is presented by a Statement of Financial Position. The Operating Fund receives all revenues unless otherwise specified by law. Spending from the Operating Fund is appropriated by the Legislative Assembly.

Government entities, such as agencies and crown corporations, report separately in other financial statements. The Province's consolidated financial statements include the combined financial position, and financial activities, of the Operating Fund and other government entities. The consolidated financial statements are provided separately.

(b) Definitions

Capital Expenditures

Expenditures incurred in the acquisition, development or construction of capital assets and equipment with a cost of $75 thousand or greater. For motor vehicles the threshold amount is $20 thousand. They do not include operational expenses.

Tangible Capital Assets

Non-financial assets that are held for use in the production or supply of goods and services, have useful lives extending beyond one accounting period and are not intended for sale in the ordinary course of operations.

Ordinary Expenses:

Administration
Includes the costs associated with the operation and administration of an office.

Debt
Includes the cost of servicing the public debt and provision for losses.

Materials and Supplies
Includes the cost of consumable supplies required in day to day operations.

Professional and Contract Services
Includes professional and contract services from non-government individuals or organizations.

Salary and Employee Benefits
Includes costs associated with employment of individuals such as salaries, severance and retirement allowances, workers compensation and employer share of insurance, Blue Cross, Canada Pension Plan, unemployment insurance, etc.

Travel and Training
Includes all costs associated with travel and training of provincial government employees.

Transfer Payments
Payments to individuals, organizations or other governments for which the government making the transfer does not receive any goods or services directly in return. Transfer payments are recognized by the Province as expenditures in the period during which both the payment is authorized and any eligibility criteria are met.

2 Basis of Accounting

(a) The Province of Prince Edward Island accounts for its financial transactions in accordance with generally accepted accounting principles, which for the purposes of the Province's financial statements are represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards.

(b) Financial Assets

Receivables are recorded for all amounts due for work performed and goods or services supplied in the fiscal year. A provision for loss is established for doubtful accounts.

Loans Receivable are recorded at cost. A provision for loss is established for doubtful accounts.

Property Holdings are recorded at the lower of cost or net realizable value. A provision for loss is established.

Investments are recorded at the lower of cost or net realizable value.

Sinking Fund assets are recorded at cost. A portion of the Sinking Fund assets are externally restricted.

Deferred Charges represent recorded expenditures which will be included in the Statement of Operations in future years.

(c) Liabilities

Bank Advances represent net cash position including bank balances and term deposits.

Deferred Revenue represents amounts received but not earned.

Payables, Accruals and other liabilities are recorded for all amounts due for work performed, goods or services received and other charges incurred in the fiscal year.

Borrowings are recorded at face value.

Obligation Under Capital Lease represents the liability recorded for contractual arrangements which are deemed to be capital leases. Establishment of a capital lease recognizes the lease contract as a financing tool to acquire an asset.

Pension, retirement, and other Future Employee Benefit Obligations represent the Province's net liability as calculated using an accrued benefits actuarial method on an accounting basis. The net pension liability represents accrued pension benefits less the market value of pension assets.

Debentures represent the gross funded debt of Province of PEI public debenture issues, a private debenture issue and Canada Pension Plan debenture issues.

(d) Net Debt

The Province's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Operating Fund is determined by its liabilities less its financial assets. Net debt is comprised of two components non-financial assets and accumulated deficits.

Non-Financial Assets:

Tangible capital assets are valued at historical cost, or estimated cost where historical cost information is not available. Amortization is calculated using the straight line method at the following rates:

Buildings and Improvements	10 - 40 years
Leasehold Improvements	Based on length of lease
Roads	10 - 20 years
Bridges	20 - 40 years
Motor Vehicles	5 - 10 years
Equipment	5 - 10 years
Other	5 - 40 years

Prepaid expenses are goods and services purchased which will provide economic benefits in future periods.

Inventories for consumption or use by the Province in the course of its operations continued to be expensed in the year of purchase.

Accumulated Deficits:
Accumulated deficits are the liabilities of the Province less financial and non-financial assets and represents the accumulated balance of deficits arising from operations of the Province.

(e) Revenues
Revenues are recorded on an accrual basis. Payments from Canada under Federal - Provincial Fiscal Arrangements are based on estimates which will be adjusted against future years revenues when actual results become available.

(f) Expenses
Expenses are recorded on an accrual basis.

Capital expenditures are incurred in the acquisition, development or construction of capital assets and equipment. They do not include operational expenses. The acquisition of tangible capital assets are not reported as expenses in the year the assets are acquired. Tangible capital assets are included in the Province's Statement of Financial Position as a component of net debt and are amortized over their estimated useful life.

3 Change in Accounting Policy

For the fiscal year 2003-2004 the Province implemented Public Sector Accounting Board standards for the recording of tangible capital assets and prepaid expenses. Accordingly prepaid expense, and tangible capital asset balances are reported on the Statement of Financial Position as non-financial assets. Changes in balances of prepaid expenses and amortization of tangible capital assets are recorded as expenses in the Statement of Operations. In the past, expenditures for tangible capital assets were charged to operations when incurred.

The above changes have been applied retroactively and the financial statements for the prior period have been restated. The opening net debt for 2003 was increased by $3.3 million as a result of the classification of prepaid expenses as non-financial assets and tangible capital asset balances of $233.8 million were recorded as non-financial assets at April 1, 2002.

The change in classification of prepaid expenses has resulted in an increase in net debt by $2 million at March 31, 2004 (2003 - $1.6 million). The change in accounting for tangible capital assets has resulted in an increase in the annual deficit of $.3 million for the year ended March 31, 2004 (2003-Decrease of $6.1 million).

4 Province of Prince Edward Island Sinking Fund and Debt Reduction Fund

(a) Description of Sinking Funds

The Province of Prince Edward Island Sinking Fund was established to reserve funds to meet future commitments and for debt retirement. Earnings on Sinking Funds are reflected as current revenue. The Sinking Fund is made up of two components:

Sinking Fund (Debentures)

Those funds in the Sinking Fund designated for debentures are considered to be externally restricted and as a result can not be used for other purposes. Installment payments are made to the Sinking Fund from the Operating Fund, they are allocations within the Operating Fund, and as such, are treated as a non-budgetary item. The installment payments for the next five years are:

	($000)
2004-2005	12,910
2005-2006	12,910
2006-2007	12,608
2007-2008	11,908
2008-2009	10,750

Debt Reduction Fund

The Debt Reduction Fund was established from over-funding of Provincial debenture issues and installments made to the Sinking Fund for Canada Pension Plan (CPP) debentures. There are no installment requirements for CPP debentures and there are no external restrictions on funds contributed to the Sinking Fund for the retirement of CPP debentures. The purpose of the Debt Reduction Fund is the retirement of public debt and the reduction of interest charges on debt.

(b) PEI Issues Held by the Sinking Fund

As at March 31, 2004 Sinking Fund investments include PEI Issues held but not cancelled in the amounts of:

	($000)		**($000)**
Debentures - Par Value	25,203	Book Value	27,145
Residuals - Par Value	100,368	Book Value	54,225

5 Solid Waste Landfill Closure and Post-Closure Liability

The collection and disposal of all solid waste generated in Prince Edward Island is included in the mandate of a provincial agency. The provincial agency is responsible for liabilities related to the closure and post-closure costs of the East Prince Landfill Site, which was in use at March 31, 2004. The agency is also responsible for monitoring and dealing with post-closure issues at four landfill sites and approximately one hundred smaller community dumps which were closed prior to 2003. The Province is responsible for the costs associated with the closure and decommissioning of the sites closed prior to 2003.

The Province recognizes its responsibility regarding solid waste landfill sites but at this time is unable to estimate the costs involved due to the absence of a formal action plan. A provisional amount of $350,000 was established in 2003 to deal with future costs (see Schedule 11 Accrued Liabilities).

6 Commitments

(a) Canada Mortgage and Housing Corporation

The Province is committed to pay half the cost of a loan from Canada Mortgage and Housing Corporation, for the development of the Charlottetown Area Pollution Control and Summerside Sewage Disposal systems. The Province's share of the outstanding loan balance as at March 31, 2004 was $117 thousand (2003 - $219 thousand). An amount of $97 thousand is included in the 2004-2005 budget of the Department of Community and Cultural Affairs, to meet the Province's principal and interest commitment for the fiscal year.

(b) University of Prince Edward Island

The Province is committed to make payments over a sixteen year period in the amount of $376.5 thousand per year to the University of Prince Edward Island for the purpose of debt servicing. This expenditure is included in the budget of the Department of Education.

(c) Summerside Recreational Complex

The Province is committed to make payments over a three year period totalling $1 million in support of Phase 1 of the Summerside Recreational Complex. An amount of $375 thousand is included in the 2004-2005 budget of the Department of Community and Cultural Affairs for the second year of this funding.

(d) Leases

The Province is party to a significant number of lease agreements. The following list contains those leases where the annual lease payments exceed one hundred thousand dollars.

Asset Description	Annual Lease Cost ($000)		Lease Expiration
Sir Henry Davies Law Courts *	648	**	March 21, 2128
Health and Social Services Office	377		March 31, 2018
Queens Health Region Office	433		May 14, 2012
Ch'town Highway Safety Division Office	137		June 30, 2007
Kelly Building (Provincial Court House) *	276		October 31, 2024
Access PEI Summerside Office	260		January 31, 2018
Eastern Kings Regional Services Centre	188		December 31, 2010
Morell Library	175		March 31, 2013
Agriculture Canada Research Station	244		March 31, 2011
DocuTech 6135 High Speed Copier	107		October 2010
Computer Equipment (Desktops/Notebooks)	2,701		November 1, 2006
Total	5,546		

* Capital Leases

Costs associated with renovations to the Davies and Kelly Law Courts Buildings have been recorded as capital leases. These capital lease obligations are recorded as liabilities in the Statement of Financial Position.

** Sir Henry Davies Law Court Lease

For the period November 1, 2019 to March 21, 2128 the annual base rent is $1.

(e) Pension Obligations

Acts to amend the Civil Service Superannuation Fund and the Teachers' Superannuation Fund reflect that the Province shall pay $63.4 million and $129.4 million into the Funds respectively, from 1996 to 2005. Additional payments will be made for interest revenue lost as a result of deferral of the 1997-98 installment to March 31, 1999. Interest in the amount of $3.7 million will be paid in seven annual installments commencing on April 1, 1998.

6 Contingent Liabilities

(a) Claims Outstanding

The Province is subject to legal actions arising in the normal course of business. At March 31, 2004 there were thirty seven (2003 - twenty six) outstanding claims arising from legal action in progress against the Crown. The cost to the Province, if any, cannot be determined because the outcome of these actions is uncertain.

The cost, if any, of thirty two of the thirty seven claims outstanding will be paid through the Prince Edward

Island Self-Insurance and Risk Management Fund. The Prince Edward Island Self-Insurance and Risk Management Fund was established in 1988 under Part II of the Financial Administration Act. The Fund provides general liability insurance, errors and omissions insurance and primary property and crime insurance. At March 31, 2004, fund reserves were $7.2 million, (2003 - $7.1 million). Claims amounting to $.6 million were settled in the current year (2003 - $ .5 million). The estimated amount for claims outstanding at March 31,2004 is $.8 million (2003 - $.8 million). The fund carries an excess liability policy limiting the liability of the fund to $5 million.

One of the five claims not being paid through the Self-Insurance and Risk Management Fund is a personal injury claim on allegations of abuse at the former Mt Herbert Orphanage. At March 31, 2004 there were fifty seven plaintiffs on notice of action.

(b) Credit Union Deposit Insurance Corporation

The Credit Unions Act states that the Province shall ensure that the obligations of The Credit Union Deposit Insurance Corporation (CUDIC) are carried out. The CUDIC provides deposit insurance coverage on deposits within established limits held by PEI credit unions. The CUDIC is funded by an assessment on insurable deposits in each of the ten credit unions. The Province holds two director positions on the CUDIC Board of Directors. At December 31, 2003 the CUDIC had an equity balance of $4.8 million (2002 - $4.2 million).

Based on unaudited information at September 30, 2003 credit unions in Prince Edward Island held insurable deposits totalling $433.2 million (2002 - $402.2 million). The probability that the Province would be called upon to provide financial support to the CUDIC is unlikely due to the equity held by the CUDIC, Credit Union Central of Prince Edward Island and the ten credit unions on PEI.

(c) Guaranteed Debt

The Province has guaranteed the repayment of a variety of loans, including student loans. Guarantees amounting to $100.6 million (2003 - $100.6 million) are reported on Schedule 19.

7 Pension, Retirement and Other Future Employee Benefit Obligations

(a) Basis of Accounting for Obligations

The Province has adopted the recommendations of the Public Sector Accounting Board (PSAB) in accounting for its pension and other retirement obligation liabilities. Assumptions used in the valuation of these benefits and obligations are developed on two criteria; for funding purposes and for accounting purposes. The Province has been using assumptions developed for accounting purposes since the year ended March 31, 2002.

(b) Pension Funds

Civil Service Superannuation Fund

Employees of the Province and certain of its entities are entitled to receive pension benefits pursuant to the provisions of a pension plan under the Civil Service Superannuation Act. The plan is operated within the Civil Service Superannuation Fund which is not part of the Operating Fund of the Province. The Plan is funded by employee contributions equal to 6.95 percent of their salary (8.75 percent when not contributing to CPP) with the Province matching those contributions. In 2004, total employee contributions for current year's service were $9.2 million (2003 - $8.7 million). Investments of the Fund are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. By Act the Province is committed to make payments if the Civil Service Superannuation Fund is insufficient to provide for pension payments as they become due. Pension benefits are based on the number of years of service times 2% of the best three years' average salary. The plan provides for inflation protection to a maximum of 6 percent. At present the plan provides benefits to 1,528 retirees (2003 - 1,491); benefit payments were $21.6 million in 2004 (2003 - $20.3 million).
An amendment to the Civil Service Superannuation Act on May 4, 1995 provided for the reduction of the unfunded liability of the fund. The amendment calls for a contribution from the government of $11.6 million in 1995/96 and $5.8 million in the years 1996/97 to 2004/05.

Teachers' Superannuation Fund

The Teachers' Superannuation Act established a fund for the payment of pensions to retired teachers or refund of contributions under certain circumstances. The plan is operated within the Teachers' Superannuation Fund which is not part of the Operating Fund of the Province. The Plan is funded by employee contributions equal to 7.2 percent of their salary (9 percent when not contributing to CPP) with the Province matching those contributions. In 2004, total employee contributions for current year's service were $6 million (2003 - $6 million). Investments of the Fund are adminsistered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. By Act the Province is committed to make payments if the Teachers' Superannuation Fund is insufficient to provide for pension payments as they become due. Pension benefits are based on the number of years of service times 2% of the best five years' average salary. The plan provides for inflation protection to a maximum of 4%. At present the plan provides benefits to 1,167 retirees (2003 - 1,125); benefit payments were $26.7 million in 2004 (2003 - $24.9 million).

An amendment to the Teachers' Superannuation Act on May 4, 1995 provided for the reduction of the unfunded liability of the fund. The amendment calls for a contribution from the government of $23.6 million in 1995/96 and $11.8 million in the years 1996/97 to 2004/05.

MLA Pension Fund (Old Plan)

The Legislative Assembly Retirement Allowances Act and Legislature and Executive Pensions Act provided a pension plan for members of the Legislative Assembly. The plan is operated within the MLA Pension Fund which is not part of the Operating Fund of the Province. Amendments in 1994 resulted in this plan being replaced by a new pension plan. Participants of the Old Plan will be entitled to benefits accruing under the terms of the plan up to and including June 30,1994. As a result, contributions to this fund ceased on June 30, 1994; however, investment interest and payments to existing pensioners will continue to be recorded to this this fund. As well, the province provided $5 million in funding to eliminate the unfunded liability at June 30, 1994. Investments are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. Annual members' pensions are equal to the lesser of 75% of contributions and the average annual indemnity during the last five years of service. Annual Ministers' pensions are equal to the lesser of 75% of contributions and one half of the highest annual salary as a Minister. The plan provides for inflation protection to a maximum of 8%. At present the plan provides benefits to 73 retirees (2003 - 72); benefit payments were $1.1 million in 2004 (2003 - $1.1 million).

Pension Plan for Members of the Legislative Assembly (New Plan - Basic)

An Amendment to the Legislative Assembly Act in 1994 provided for an Indemnities and Allowances Commission to review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, the Speaker, Opposition House Leader, Government Whip and Opposition Whip. As a result of this amendment, a pension plan called the "Pension Plan for Members of the Legislative Assembly of Prince Edward Island" was established by the Commission with an effective start date of July 1, 1994. The plan is operated within the Pension Plan for Members of the Legislative Assembly (1994) which is not part of the Operating Fund of the Province. The plan is funded by contributions from the members of the Legislative Assembly equal to 8 percent of their salary with the Province matching those contributions. In 2004, total contributions for current year's service were $121.2 thousand (2003 - $117.3 thousand). Investments of the fund are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. Pension benefits are based on criteria which is different depending on the period of service. The criteria for the period July 1, 1994 to March 31, 2001 differs from the period April 1, 2001 to present. Benefits for the period July 1, 1994 to March 31, 2001 are based on the number of years of service times 2% of average indemnity and salary earned by the member. Benefits for the period on or after April 1, 2001 are 25% of the required contributions made by the participants commencing after April 1, 2001. The plan provides for inflation protection to a maximum of 8%. At present the plan provides benefits to 14 retirees (2003 - 13); benefit payments were $259 thousand in 2004 (2003 - $37.1 thousand).

Amalgamation of Funds

In January 2004 the MLA Pension Fund (Old Plan) was amalgamated with the Pension Plan for Members of the Legislative Assembly (New Plan). Both funds had a December 31, 2003 year end so separate plan information has been provided in these financial statements. The amalgamation of the two funds has resulted in a funded surplus and tax legislation dictates that an employer contribution holiday must be taken until the surplus is used up. Combined plan information will be provided for the year ended March 31, 2005.

Pension Plan for Members of the Legislative Assembly (New Plan - Supplementary)

The supplementary to the Pension Plan for Members of the Legislative Assembly was established effective April 1, 1999. The plan provides a pension which is supplementary to the benefits provided under the Pension Plan for Members of the Legislative Assembly. This plan is unfunded. The Province is responsible for the unfunded liability and makes pension payments from the Operating Fund as they become due. The plan provides for inflation to a maximum of 8%. At present the plan provides benefits to 24 retirees (2003 - 22); benefit payments were $76 thousand in 2004 (2003 - $63.5 thousand).

Senior Compensation Program

An executive compensation plan is provided to the senior management of the Province. The plan provides a pension which is supplementary to the benefits provided under the Civil Service Superannuation Act. This plan is unfunded. The Province is responsible for the unfunded liability and makes pension payments from the Operating Fund as they become due. The plan provides for inflation to a maximum of 6%. At present the plan provides benefits to 24 retirees (2003 - 20); benefit payments were $295.7 thousand in 2004 (2003 - $245.7 thousand).

Pension Plan for Judges - Old

The Provincial Court Act provides a pension plan for Provincial Court judges who were appointed before April 1, 1997. This plan is unfunded. The Province is responsible for the unfunded liability and makes pension payments from the Operating Fund as they become due. The plan provides for inflation to a maximum of 8%. At present the plan provides benefits to 3 retirees (2003 - 3); benefit payments were $227.9 thousand in 2004 (2003 - $223 thousand).

Pension Plan for Judges - New

The Provincial Court Act established a Judicial Remuneration Review Commission which reviews salary, benefits and expenses paid to judges. In February 2002, the Commission approved the establishment of a pension plan for judges appointed after March 31, 1997 which is supplementary to the benefits provided under the Civil Service Superannuation Act. This plan is unfunded. The Province is responsible for the unfunded liability and makes pension payments from the Operating Fund as they become due. The plan provides for inflation protection to a maximum of 6 %. At present there are no retirees under this plan.

Actuarial Valuations / Estimates

Actuarial valuations of the Province's pension funds are carried out every three years. An estimated update, which is a partial calculation based on an extrapolation of the most recent valuation, is calculated by the Province at the end of each fiscal year.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group which is 6 years for MLAs and 13 years for all other groups.

Actuarial valuations and estimates are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The expected inflation rate is 2.5 percent. The discount rate used to determine accrued benefit obligation is 7.9 percent. Pension fund assets are valued at market values. The expected rate of return on plan assets is 7.9 percent. The actual return on plan assets was + 26.0 percent in 2004 (2003 - - 15.4 percent).

The following are the actuarial estimates at March 31, 2004

	Number of Members	Gross Pension Obligation 31-Mar-04 **($000)**	Pension Assets 31-Mar-04 **($000)**	Net Pension Obligation 31-Mar-04 **($000)**	Net Pension Obligation 31-Mar-03 **($000)**
Civil Service Pension Fund	4,763	496,687	473,687	23,000	96,671
Teachers' Pension Fund	2,867	477,810	296,606	181,204	223,791
MLA Pension Fund (Old)	80	12,291	18,915	(6,624)	(3,806)
MLA Pension Fund (New)	46	2,145	1,967	178	434
MLA Plan New - Supp	60	2,834	-	2,834	2,439
Senior Comp. Pension Plan	52	6,358	-	6,358	5,880
Judges Pension Plan (Old)	5	3,483	-	3,483	3,392
Judges Pension Plan (New)	1	229	-	229	184
Totals	**7,874**	**1,001,837**	**791,175**	**210,662**	**328,985**

The following are the most recent actuarial valuations for accounting purposes for the Province's four Pension funds:

	Civil Service Fund	Teachers' Fund	MLA Fund Old	MLA Fund New
Date of Valuation	01-Apr-02 **($000)**	01-Apr-02 **($000)**	01-Apr-03 **($000)**	01-Apr-03 **($000)**
Actuarial Liability	442,217	440,630	12,457	1,995
Fund Assets	436,093	287,000	16,263	1,561
Unfunded Liability (Surplus)	**6,124**	**153,630**	**(3,806)**	**434**

(c) Retirement and Other Benefits

Employees of the Province are entitled to retirement allowances as provided for under collective agreements and terms of employment. Other benefit entitlements include workers compensation funding and payment of insurance policies. The Province obtains actuarial calculations of its liability for future employee benefits.

The following balances are actuarial estimates of future commitments to employees:

	Obligation 31-Mar-04 **($000)**	Obligation 31-Mar-03 **($000)**
Retirement Pay	48,881	46,701
Insurance Policies	2,310	1,975
Workers Compensation	15,531	14,931
Totals	**66,722**	**63,607**

(d) Cost of Pension, Retirement and Other Obligations

The following schedule presents the costs of future employee benefits for the year ended March 31, 2004:

	Current Service Cost ($000)	Interest Cost ($000)	Employee and Other Contributions ($000)	Amortization of Actuarial Adjustments ($000)	Net Cost ($000)
Civil Service Pension Fund	13,070	6,956	(9,983)	5,889	15,932
Teachers' Pension Fund	9,398	16,616	(6,059)	6,586	26,541
MLA Pension Fund (Old)	-	(301)	-	(147)	(448)
MLA Pension Fund (New)	253	36	(121)	69	237
MLA Plan New - Supp	270	200	-	(48)	422
Senior Comp. Pension Plan	308	465	-	(76)	697
Judges Pension Plan (Old)	57	261	-	(92)	226
Judges Pension Plan (New)	30	16	-	8	54
Total Pension	23,386	24,249	(16,163)	12,189	43,661
Retirement Pay	2,823	3,121	-	143	6,087
Insurance Policies	201	137	-	80	418
Workers Compensation	852	994	-	(91)	1,755
Total Other	3,876	4,252	-	132	8,260
Totals	**27,262**	**28,501**	**(16,163)**	**12,321**	**51,921**

The cost of pension, retirement, and other obligations, as described in the above schedule, are presented in the Statement of Operations as a separate line item.

8 Canada Health and Social Transfer

The Province is receiving, from the Government of Canada, supplementary funding under the Canada Health and Social Transfer. The Federal Government has set up a trust fund to administer this program. The Province is recording receipts from this program per the following schedule:

	1999 & 2000 Allocations		2003 Allocation		
	CHST	Equipment	CHST	Equipment	Totals
1999-2000	9.0 million	-	-	-	9.0 million
2000-2001	9.0 million	2.3 million	-	-	11.3 million
2001-2002	4.4 million	2.2 million	-	-	6.6 million
2002-2003	2.2 million	-	-	-	2.2 million
2003-2004	2.2 million	-	11.1 million	2.2 million	15.5 million
2004-2005	-	-	-	2.2 million	2.2 million
2005-2006	-	-	-	2.2 million	2.2 million
Totals	$26.8 million	$4.5 million	$11.1 million	$6.6 million	$49.0 million

9 Polar Foods International Inc

The Province, on February 27, 2004, completed negotiations to acquire the debt and associated security of Polar Foods International Inc. Subsequent to this event the Province appointed Ernst & Young, to take possession of the assets and liquidate them in favor of the Province.

The Receiver reached an agreement for the sale of a significant portion of the assets to Ocean Choice PEI on March 24, 2004. The sale was finalized in April 2004.

	($000)
Funds advanced	51,500
Less: Proceeds received from the sale of assets	3,003
Property Holdings - Polar Foods at March 31, 2004	**48,497**

Provision for Loss on Property Holdings - Polar Foods

Property Holdings at March 31, 2004			48,497
Less:	Proceeds received from sale of assets	14,019	
	Cash and funds held in trust	3,706	
	Other assets	569	
	Present value of Note Receivable	8,432	
			26,726
			21,771
Add:	Estimated remaining commitments and costs		1,899
Provision for Loss on Property Holdings - Polar Foods			**23,670**

10 Restructuring of Departments

Effective October 9, 2003 the following changes were made to the Province's Ministries:

- The Department of Fisheries, Aquaculture and Environment ceased to exist.
- The Department of Agriculture and Forestry ceased to exist.
- The Department of Agriculture, Fisheries, Aquaculture and Forestry was created.
- The Department of Environment and Energy was created with Energy being transferred from the Department of Development and Technology.
- Responsibilty for the PEI Liquor Control Commission was transferred from the Department of Tourism to the Department of Development and Technology.
- The Interministerial Women's Secretariat was transferred from Provincial Treasury to the Department of Transportation and Public Works.

The above changes have been applied retroactively with 2002-2003 revenues and expenses being restated . Changes in the 2003-04 Budget Estimates resulting from this restructuring are presented in Schedule 39.

11 Measurement Uncertainty

Measurement uncertainty exists in financial statements when recorded amounts are based on assumptions or estimates. When estimates are used it is possible that there could be a material variance between the recorded amount and another reasonably possible amount. The accuracy of estimates depends on the completeness and quality of information available at the time of preparation of financial statements. Estimates are adjusted annually to reflect new information as it becomes available. Examples of where measurement uncertainty exists in these financial statements are the calculation of future pension obligations and the provision for losses on loans and accounts receivable.

12 Comparative Figures

Certain 2003 financial statement figures, presented for comparative purposes, have been reclassified to conform with 2004 financial statement presentation. Notes 3 and 10 provide descriptions of two events which have resulted in the restatement of certain 2003 financial statement figures.

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Schedules to Statement of Financial Position
as at March 31, 2004

	2004 ($000)	2003 Restated ($000)
1 Accounts and Taxes Receivable		
Taxes	58,763	55,296
Government of Canada	27,654	27,274
Agencies, Boards and Crown Corporations	7,424	13,757
Interest	2,638	2,535
Other	7,347	18,063
	03,826	116,925
Provision for Doubtful Accounts (Schedule 20)	(3,191)	(3,230)
	100,635	**113,695**
2 Treasury Advances		
Cash Floats	18	16
Employee Health Club Memberships	33	-
Nova Scotia Health Advance	535	535
Salary	-	1
	586	**552**
3 Property Holdings		
Land (Tax Sales)	109	106
Property Holdings - Polar Foods (Note 9)	48,497	-
	48,606	106
Provision for Losses (Schedule 20)	(23,670)	-
	24,936	**106**
4 Investments		
Summerside Regional Development Corporation	2	2
Charlottetown Area Development Corporation	2	2
	4	**4**

5 Debentures and Sinking Funds

Issue Date	Maturity Date	Interest Rate	Term of Years	Gross Funded Debt ($000)	Sinking Fund ($000)	Net Funded Debt 2004 ($000)	Net Funded Debt 2003 ($000)
Public and Private Issues:							
1-Dec-78	1-Dec-03	10.250%	25	-	-	-	98
18-Apr-79	18-Apr-04	10.625%	25	4,526	4,472	54	372
15-Jun-94	15-Jun-04	9.375%	10	59,058	12,872	46,186	47,847
15-Dec-95	15-Dec-04	7.769%	20	3,043	-	3,043	6,838
3-Apr-86	3-Apr-06	10.625%	20	-	-	-	20,343
15-Jan-87	15-Jan-07	9.875%	20	30,186	11,553	18,633	19,626
3-Oct-97	3-Oct-07	6.000%	10	35,000	5,204	29,796	30,792
22-Jun-88	22-Jun-08	11.375%	20	47,980	19,504	28,476	30,259
1-Dec-88	1-Dec-08	10.750%	20	44,687	17,083	27,604	29,183
16-Aug-90	16-Aug-10	11.500%	20	60,000	18,524	41,476	43,340
14-Mar-91	14-Mar-11	11.000%	20	50,000	14,044	35,956	37,403
19-Sep-91	19-Sep-11	11.000%	20	50,000	13,315	36,685	38,105
17-Dec-92	17-Dec-12	9.750%	20	50,000	11,109	38,891	40,167
18-Mar-93	18-Mar-13	9.250%	20	60,000	15,258	44,742	46,521
27-Oct-95	27-Oct-15	8.500%	20	75,000	12,788	62,212	64,079
15-Dec-93	15-Dec-23	8.500%	30	60,000	13,814	46,186	47,890
3-Sep-02	29-Jul-27	6.100%	25	100,000	1,305	98,695	100,000
21-Feb-00	21-Feb-30	6.800%	30	80,000	5,349	74,651	76,112
29-Jan-02	29-Jan-32	6.250%	30	100,000	3,126	96,874	98,489
12-Jun-03	21-Feb-34	5.600%	30	100,000	1,258	98,742	-
				1,009,480	180,578	828,902	777,464
Canada Pension Plan Issues							
1983-84	2003-2004	11.670%	20	-	-	-	11,135
1984-85	2004-2005	13.210%	20	10,500	-	10,500	10,500
1985-86	2005-2006	11.230%	20	8,975	-	8,975	8,975
1986-87	2006-2007	9.560%	20	13,526	-	13,526	13,526
1987-88	2007-2008	9.950%	20	10,010	-	10,010	10,010
1988-89	2008-2009	10.090%	20	9,703	-	9,703	9,703
1989-90	2009-2010	9.660%	20	10,544	-	10,544	10,544
1990-91	2010-2011	10.770%	20	9,603	-	9,603	9,603
1991-92	2011-2012	9.930%	20	9,794	-	9,794	9,794
1992-93	2012-2013	9.340%	20	6,971	-	6,971	6,971
1998-99	2018-2019	5.930%	20	376	-	376	376
1999-00	2019-2020	6.450%	20	7,332	-	7,332	7,332
2000-01	2020-2021	6.640%	20	9,136	-	9,136	9,136
2001-02	2021-2022	6.563%	20	11,374	-	11,374	11,374
2002-03	2022-2023	6.202%	20	11,360	-	11,360	11,360
2003-04	2023-2024	5.721%	20	11,135	-	11,135	-
Total Debt Reduction Fund				140,339	-	140,339	140,339
Total Debentures and Sinking Fund				**1,149,819**	**180,578**	**969,241**	**917,803**
Debt Reduction Fund					**41,095**		
Total Sinking Fund and Debt Reduction Fund					**221,673**		

The debentures listed on this schedule have been issued in Canadian dollars.

Canada Pension Plan debentures are callable by the Federal Minister of Finance on six months notice. No calls have occurred to date and none are expected.

	2004 ($000)	2003 Restated ($000)
6 Loans Receivable		
Debentures - Long Term		
Charlottetown Area Development Corporation	7,633	7,836
Charlottetown Area Pollution Control	16	32
City of Summerside	1	2
Communities 13 Inc	842	950
Community Development	187	18
Gateway Village Development Inc	524	568
Golf Links PEI	8,124	8,451
Island Waste Management Corporation	1,710	1,705
P.E.I. Business Development Inc	11,208	5,922
P.E.I. Energy Corporation	6,550	-
P.E.I. Housing Corporation	16,612	18,422
P.E.I. Lending Agency	134,755	135,492
P.E.I. Liquor Control Commission	5,322	4,750
Stratford Pollution Control Commission	32	48
Summerside Regional Development Corporation	488	513
	194,004	184,709
Debentures - Short Term		
Island Waste Management Corporation	2,790	-
P.E.I. Business Development Inc	13,744	-
P.E.I. Lending Agency	16,552	17,550
	33,086	17,550
Total - Debentures	227,090	202,259
Other Loans		
Employee Computer Loans	474	349
School Board Computer Loans	274	-
	748	349
Total Loans Receivable	227,838	202,608
Provision for Doubtful Accounts (Schedule 20)	(11,464)	(10,996)
	216,374	**191,612**
7 Deferred Charges		
Debenture and Government of Canada Loan Discount	14,663	6,654
Deferred Pension Charges	36,505	165,339
	51,168	**171,993**

	2004 ($000)	2003 Restated ($000)
8 Bank Advances (Cash and Short Term Deposits)		
Bank Overdraft	467	4,124
Deposits in Transit	(1,009)	(2,621)
Uncashed Cheques	4,962	5,227
	4,420	**6,730**
9 Deferred Revenue/Credits		
Motor Vehicle	5,070	4,952
General	5,681	4,660
	10,751	**9,612**
10 Accounts Payable		
Goods & Services	43,195	40,681
Government of Canada	38,786	26,108
Due to Agencies, Boards, & Crown Corporations	42,993	35,041
Deferred Salaries	1,324	1,646
Due to Sinking Fund and Special Funds	29,187	18,881
Other	18,956	8,501
	174,441	**130,858**
11 Accrued Liabilities		
Payroll and Benefits		
Payroll	3,551	1,960
Vacation Leave	4,478	3,842
Interest		
Debentures	16,961	18,025
Canada Pension Bonds	4,132	4,326
Other	353	26
Provision for Solid Waste Landfill Closures (Note 5)	350	350
Provision for Losses on Loan Guarantees (Schedule 20)	4,226	7,615
	34,051	**36,144**

	2004 ($000)	2003 Restated ($000)
12 Short Term Loans		
Treasury Notes	210,000	155,000
	210,000	**155,000**
13 Obligation Under Capital Leases		
Law Court Buildings	4,967	5,175
	4,967	**5,175**
14 Loans Payable		
Federal Secured by Debentures		
School Construction Program	260	610
Land Development Corporation	166	167
Charlottetown Area Pollution Control	-	16
Summerside Regional Development Corporation	-	29
	426	**822**
15 Pension, Retirement and Other Obligations		
Civil Service Superannuation Fund	23,001	96,671
Teachers' Superannuation Fund	181,204	223,791
MLA Pension Fund (Old Plan)	(6,624)	(3,806)
Pension Plan for Members of the Legislative Assembly	178	434
Other Pension Plans	12,903	11,895
Retirement Benefits	51,191	48,676
Workers Compensation	15,531	14,931
	277,384	**392,592**
16 Prepaid Expenses		
Interest on Treasury Notes	1,750	1,631
Payroll Remittances	255	-
	2,005	**1,631**

17 Tangible Capital Assets

	Land ($000)	Buildings ($000)	Leasehold Improvements ($000)	Roads and Bridges ($000)	Motor Vehicles ($000)	Equipment ($000)	Other ($000)	Total 2004 ($000)	Total 2003 ($000)
Balance, beginning of year	17,624	56,448	6,416	473,046	24,086	18,738	37,990	634,348	615,990
Additions	519	462	-	16,544	1,142	4,788	926	24,381	19,180
Disposals	(523)	-	-	-	(2,596)	-	-	(3,119)	(822)
Balance, end of year	17,620	56,910	6,416	489,590	22,632	23,526	38,916	655,610	634,348
Accumulated Amortization, beginning of year	-	32,491	1,220	332,444	19,214	5,574	15,754	406,697	382,237
Amortization	-	1,595	305	17,429	1,102	2,121	944	23,496	24,714
Adjustments for Disposals	-	-	-	-	(2,584)	-	-	(2,584)	(254)
Accumulated Amortization, end of year	-	34,086	1,525	349,873	17,732	7,695	16,698	427,609	406,697
Net Book Value	17,620	22,824	4,891	139,717	4,900	15,831	22,218	228,001	227,651

Amortization is calculated using the straight line method (see Note 2 d).

Certain balances at March 31, 2003 have been restated to take into account adjustments to numbers presented in previous years.

The Province's policy regarding revenues received for tangible capital assets is to reduce the cost of the asset by the amount of the revenue received. The following revenue offsets have been applied to assets:

	2004 ($000)	2003 ($000)
Federal Revenue	2,872	3,041

Under the Transitional Provisions of PSAB Section PS 3150 historical cost is still being gathered for certain land parcels. Adjustments to costs may be required when more information becomes available.

18 Trust Funds

BALANCE		Cash and Receivables ($000)	Investments ($000)	Liabilities ($000)	Balance of Fund ($000)
Cable Replacement Fund		45	2,982	-	3,027
Civil Service Superannuation Fund		1,187	473,249	749	473,687
M.L.A.'s Pension Fund (Old Plan)	2	131	18,427	53	18,505
Pension Plan for M.L.A.s (New Plan)	2	110	1,892	37	1,965
Public Trustee	1	1,345	7,807	376	8,776
Queen Mother Fund		50	-	-	50
Supreme Court		155	800	-	955
Teachers' Superannuation Fund	3	1,450	266,824	885	267,389
Utility Capital Replacement Fund		174	-	-	174
Totals		**4,647**	**771,981**	**2,100**	**774,528**

CONTINUITY		Balance 31-Mar-03 ($000)	Increase (Decrease) in Funds ($000)	Balance 31-Mar-04 ($000)
Cable Replacement Fund		2,950	77	3,027
Civil Service Superannuation Fund		373,584	100,103	473,687
M.L.A.'s Pension Fund (Old Plan)	2	16,148	2,357	18,505
Pension Plan for M.L.A.s (New Plan)	2	1,721	244	1,965
Public Trustee	1	9,293	(517)	8,776
Queen Mother Fund		91	(41)	50
Supreme Court		1,324	(369)	955
Teachers' Superannuation Fund	3	276,453	(9,064)	267,389
Utility Capital Replacement Fund		202	(28)	174
Totals		**681,766**	**92,762**	**774,528**

1 - Audited financial statements for the Public Trustee were not completed at the time of publication of these Public Accounts. Information presented in this schedule may not include all of the activities, or the final year end balances, of this fund for the year ended March 31, 2004

2 - The Pension Plans for MLAs have fiscal year ends of December 31, 2003.

3 - The Teachers' Superannuation Fund has a fiscal year end of June 30, 2003.

Trusts administered by the Province on behalf of other parties are excluded from the reporting entity.

19 Guaranteed Debt

		Principal Guaranteed ($000)	Outstanding 31-Mar-04 ($000)	Outstanding 31-Mar-03 ($000)
1	Lines of Credit / Demand Loans	6,250	3,637	4,378
2	Debentures / Capital Loans	98,185	85,508	87,888
3	Student Loans	11,423	11,423	8,285
	Total Guaranteed Debt	**115,858**	**100,568**	**100,551**

	Maturity Date	Principal Guaranteed ($000)	Outstanding 31-Mar-04 ($000)	Outstanding 31-Mar-03 ($000)
1 Lines of Credit / Demand Loans				
P.E.I. Grain Elevators Corp.	15-Dec-04	3,250	637	1,378
S'Side Regional Dev Corp	31-Jan-05	3,000	3,000	3,000
		6,250	**3,637**	**4,378**
2 Debenture / Capital Loans				
Atlantic Technology Centre	31-Aug-17	12,100	11,400	11,818
Capital Area Recreation Inc	Aug-2005 to Dec-2008	5,350	-	-
Ch'town Area Dev. Corp.	15-May-13	11,800	9,626	10,051
Communities 13 Inc.	Nov-2004 to Aug-2012	593	503	646
Dept Agriculture-Hog Producers		4,909	3,494	1,751
Island Invesment Dev. Inc.		19,797	19,797	13,388
Island Waste Management	31-Dec-27	30,130	29,177	29,688
PEI Energy Corporation	6-Mar-17	9,360	8,334	8,261
Polar Foods International Inc.	1-May-10	-	-	12,000
Pownal Sports Centre	Dec-2005 to Mar-2024	3,355	2,956	-
Prince County Hospital	4-Dec-08	391	120	120
South Shore Community Org.	1-Dec-04	400	101	164
Village of Crapaud	1-Dec-03	-	-	1
		98,185	**85,508**	**87,888**

Both principal and interest are guaranteed for loan guarantees and debenture share issues. During the term authorized, lines of credit may revolve up to the original principal guaranteed plus interest due.

3 Student Loans

Effective August 1, 2001 the Province entered into an agreement with Credit Union Central of PEI for the funding and delivery of the PEI Student Loan Program. All provincial student loans issued under this program are guaranteed by the Province. As at March 31, 2004 student loans outstanding under this program totalled $11.4 million (2003 - $8.3 million).

Prior to August 1, 2001 the Province paid a risk premium, in lieu of providing loan guarantees, to banks who provided student loans. Under certain conditions loan guarantees are provided to these lendors by by the Province. These conditions include loans to minors, loans to individuals who became disabled or deceased and loans to individuals with a history of credit abuse. The student loans outstanding, subject to these conditional guarantees, cannot be readily determined at year end.

A provision for losses on student loans in the amount of $1.7 million has been recorded at March 31, 2004. Management believes this provision is sufficient to cover losses on both the new and old student loan programs.

20 Provision for Doubtful Accounts and Losses

	Provision 31-Mar-03 ($000)	Written Off During Year ($000)	Increase Provided ($000)		Provision 31-Mar-04 ($000)	
Accounts Receivable:						
Provincial Taxes						
Provincial Sales Tax	1,426	(996)	857		1,287	
Real Property Tax	219	-	100		319	
Transportation and P.W.	1,585	-	-		1,585	
	3,230	(996)	957		3,191	1
Property Holdings:						
Property Holdings - Polar Foods	-	-	23,670	2	23,670	3
Loans Receivable:						
P.E.I. Business Dev. Inc.	1,256	-	1,426		2,682	
P.E.I. Lending Agency	9,740	(958)	-		8,782	
	10,996	(958)	1,426		11,464	4
Loan Guarantees:						
Operating Fund	6,000	-	(3,322)	2	2,678	
P.E.I. Business Dev. Inc.	1,565	(220)	153		1,498	
P.E.I. Lending Agency	50	-	-		50	
	7,615	(220)	(3,169)		4,226	5
Totals	**21,841**	**(2,174)**	**22,884**		**42,551**	

1 - The Provisions for Doubtful Accounts for Accounts Receivable are deducted on Schedule 1.
2 - $6 million Provision for Loss on Loan Guarantees (Polar Foods International) at March 31, 2003 has been transferred to Provision for Losses on Property Holdings.
3 - The Provisions for Losses on Property Holdings are deducted on Schedule 3.
5 - The Provisions for Doubtful Accounts for Loans Receivable are deducted on Schedule 6.
6 - The Provisions for Losses on Loan Guarantees are included in Accrued Liabilities on Schedule 11.

21 Schedule of Debentures Issued and Matured

ISSUED	Date Of Issue	Rate of Interest	Date of Maturity	Amount of Issue ($000)	Price Received
Operating Fund					
Provincial Debenture	12-Jun-03	5.60%	21-Feb-34	**100,000**	98.89
Sinking Fund					
Canada Pension Plan	5-Apr-03	6.15%	5-Apr-23	1,381	100.00
	2-May-03	5.94%	2-May-23	1,777	100.00
	1-Jun-03	5.58%	1-Jun-23	1,787	100.00
	4-Jul-03	5.53%	4-Jul-23	1,191	100.00
	2-Aug-03	5.79%	2-Aug-23	856	100.00
	1-Sep-03	5.86%	1-Sep-23	785	100.00
	3-Oct-03	5.52%	3-Oct-23	726	100.00
	1-Nov-03	5.76%	1-Nov-23	832	100.00
	1-Dec-03	5.67%	1-Dec-23	332	100.00
	1-Mar-04	5.41%	1-Mar-24	1,468	100.00
				11,135	
Total Debentures Issued				**111,135**	

MATURED/CALLED	Date Of Issue	Rate of Interest	Date of Maturity	Amount of Issue ($000)	Amount Matured ($000)
Operating Fund					
Provincial Debenture	15-Dec-95	7.769%	Quarterly	25,000	**3,795**
Sinking Fund					
Canada Pension Plan	5-Apr-83	11.59%	5-Apr-03	1,381	1,381
	2-May-83	11.53%	2-May-03	1,777	1,777
	1-Jun-83	10.92%	1-Jun-03	1,787	1,787
	4-Jul-83	11.37%	4-Jul-03	1,191	1,191
	2-Aug-83	11.51%	2-Aug-03	856	856
	1-Sep-83	12.08%	1-Sep-03	785	785
	3-Oct-83	12.14%	3-Oct-03	726	726
	1-Nov-83	11.65%	1-Nov-03	832	832
	1-Dec-83	11.79%	1-Dec-03	332	332
	1-Mar-84	12.13%	1-Mar-04	1,468	1,468
					11,135
Provincial Debenture	3-Apr-86	10.63%	3-Apr-03	33,298	33,298
	1-Dec-78	10.25%	1-Dec-03	2,367	2,367
					46,800
Total Debentures Matured / Called					**50,595**

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Schedules to Statement of Operations
for the year ended March 31, 2004

Revenue	2004 Unaudited Budget Excerpts ($000)	2004 Actual ($000)	2003 Restated Actual ($000)
22 Taxes			
Personal Income Tax	168,013	164,858	174,363
Sales Tax	171,282	172,052	165,216
Real Property Tax	53,000	52,980	51,665
Gasoline Tax	36,000	36,196	35,985
Corporate Income Tax	35,709	29,828	24,872
Health Tax on Tobacco	29,500	25,631	21,737
Health Tax on Liquor	11,458	12,004	11,416
Insurance Premium Tax	6,200	7,947	7,128
Corporation Capital Tax	1,700	1,955	1,470
Environment Tax	300	279	334
Fire Prevention Tax	250	356	350
	513,412	**504,086**	**494,536**
23 Licenses and Permits			
Motor Vehicle Registry	11,327	11,818	11,680
Registration and Licensing Act	575	703	679
Securities Act	1,800	2,298	2,329
Security Brokers and Salesmen Licenses	550	776	940
Other	1,922	2,182	2,176
	16,174	**17,777**	**17,804**
24 Fees and Services			
Patient Fees	10,313	10,523	10,689
Housing Rental	4,385	4,525	4,472
Special Project Fund	1,970	2,135	13,000
Land Title and Registry Fees	1,800	2,397	2,011
Fines and Penalties	635	530	607
R.C.M.P. Recoveries	710	810	832
Campground Fees	775	791	746
Third Party Insurance	1,800	2,070	1,855
Probate Court Fees	1,022	1,073	1,103
Other	5,980	5,942	6,120
	29,390	**30,796**	**41,435**
25 Sales			
Lottery Revenue	18,000	17,189	16,411
Liquor Control Commission	10,634	10,643	10,071
Other	2,041	2,288	2,429
	30,675	**30,120**	**28,911**

	2004 Unaudited Budget Excerpts ($000)	2004 Actual ($000)	2003 Restated Actual ($000)
26 Investment Income			
PEI Business Development Inc	1,602	546	1,326
PEI Lending Agency	9,562	8,753	8,764
PEI Housing Corporation	1,406	1,392	1,577
Other	2,240	4,081	3,205
	14,810	**14,772**	**14,872**
27 Government of Canada			
Equalization	270,000	243,790	222,377
Canada Health and Social Transfer	104,700	103,751	89,488
Community and Labour Market Development	4,552	5,594	6,374
Housing Programs	1,843	2,310	2,022
Youth Justice Services	2,244	2,458	2,390
Official Languages in Education	1,709	1,971	2,174
Promotion of Official Languages	1,277	1,572	1,529
Infrastructure Program	2,496	2,326	2,226
Statutory Subsidy	678	679	678
Rehabilitation Programs	625	625	625
Primary Health Care Transition Fund	3,359	1,803	1,454
Health Reform Funding	4,435	4,338	-
Diagnostic Equipment Funding	2,217	2,217	-
Agriculture Insurance Corporation	426	764	503
BSE Recovery Program	-	3,112	-
Agriculture Policy Framework Agreement	-	2,284	-
Disaster Assistance	-	566	-
Canadian Health Infrastructure Partnership	-	-	1,382
Other	3,547	3,907	2,129
	404,108	**384,067**	**335,351**

Expenditure

	2004 Unaudited Budget Excerpts ($000)	2004 Actual ($000)	2003 Restated Actual ($000)
28 Agriculture, Fisheries, Aquaculture and Forestry			
Dept of Agriculture, Fisheries, Aquaculture and Forestry	34,449	38,730	30,402
P.E.I. Grain Elevators Corp.	165	165	165
	34,614	**38,895**	**30,567**
29 Development and Technology			
Department of Development and Technology	7,349	7,332	6,818
P.E.I. Business Development Inc.	28,427	28,427	33,107
Employment Development Agency	3,275	5,151	4,709
	39,051	**40,910**	**44,634**

	2004 Unaudited Budget Excerpts ($000)	2004 Actual ($000)	2003 Restated Actual ($000)
30 Education			
Department of Education	210,489	215,938	199,189
Island Regulatory & Appeals Commission	1,065	1,132	1,065
	211,554	**217,070**	**200,254**
31 Environment and Energy			
Department of Environment and Energy	6,741	6,781	6,140
P.E.I. Energy Corporation	674	674	671
	7,415	**7,455**	**6,811**
32 Health and Social Services			
Department of Health and Social Services	414,892	418,081	385,872
East Prince Health Facility	6,500	7,265	17,451
	421,392	**425,346**	**403,323**
33 Provincial Treasury			
Department of Provincial Treasury	19,045	18,464	17,604
General Government	5,880	23,055	11,081
Technology Asset Management	2,228	2,204	1,850
P.E.I. Lending Agency	806	4,529	790
Council of Atlantic Premiers	174	174	183
	28,133	**48,426**	**31,508**
34 Public Service Commission			
Public Service Commission	5,512	5,521	5,228
Employee Benefits	946	1,558	708
	6,458	**7,079**	**5,936**
35 Tourism			
Department of Tourism	104	104	101
Tourism PEI	11,628	12,139	11,164
	11,732	**12,243**	**11,265**
36 Transportation and Public Works			
Department of Transportation & Public Works	77,203	85,526	77,518
Interministerial Women's Secretariat	300	291	286
	77,503	**85,817**	**77,804**
37 Pension, Retirement and Other Obligations			
Current Service Cost	18,607	27,262	27,376
Interest Cost	-	28,501	15,253
Amortization of Actuarial Adjustments	-	12,321	(1,870)
Employee Contributions	-	(16,163)	(14,762)
	18,607	**51,921**	**25,997**

38 Program Expense by Object

Department	Administration	Debt	Materials and Supplies	Professional & Contract Services	Salaries & Employee Benefits	Travel & Training	Transfer Payments	Total
	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)
Agriculture,Fisheries and Forestry	541	1,000	1,294	4,291	11,973	1,165	18,631	38,895
Attorney General	538	-	1,254	11,113	17,770	559	678	31,912
Auditor General	25	-	29	22	1,020	20	12	1,128
Community and Cultural Affairs	308	-	572	433	7,131	293	15,352	24,089
Development and Technology	369	-	221	131	4,818	154	35,217	40,910
Education	1,156	1,678	2,260	867	124,973	387	85,749	217,070
Environment and Energy	208	-	419	810	4,462	563	993	7,455
Executive Council	74	-	42	306	2,257	166	222	3,067
Health and Social Services	1,079	-	5,656	75,847	11,680	535	330,549	425,346
Legislative Assembly	134	-	150	711	2,909	132	156	4,192
Provincial Treasury	2,860	18,627	5,804	396	12,119	610	8,010	48,426
Public Service Commission	213	-	486	962	4,989	397	32	7,079
Tourism	13	-	20	2	4,709	8	7,491	12,243
Transportation and Public Works	6,124		32,122	11,702	34,374	1,129	366	85,817
Total Program Expenditures	13,642	21,305	50,329	107,593	245,184	6,118	503,458	947,629
Percentage of Total	1.5	2.2	5.3	11.4	25.9	0.6	53.1	100.0

Note 1 - Debt charges to Agriculture, Education and Provincial Treasury are for bad debt expenses (see Schedule 20)

Note 2 - Salaries include the salaries paid to School Unit Employees.

39 Reclassification of 2003- 2004 Budget Estimates

	2003 Estimates Book $	Budget Changes $		2004 Estimates Book $	Reallocations $		2004 Unaudited Budget Excerpts $
REVENUE							
Taxes	513,412			513,412			513,412
Licenses and Permits	16,174			16,174			16,174
Fees and Services	29,218			29,218	172	5	29,390
Sales	36,611			36,611	(5,936)	5/7	30,675
Investment	14,810			14,810			14,810
Other	-			-			0
Government of Canada	404,108			404,108			404,108
Sinking Fund Earnings	13,225			13,225			13,225
Capital Revenue	1,457			1,457	(1,187)	5	270
Total Revenue	**1,029,015**			**1,029,015**			**1,022,064**
EXPENSE							
Agriculture,Fisheries,Aquaculture & Forestry	32,107	2,507	1	34,614			34,614
Attorney General	32,025			32,025			32,025
Auditor General	1,271			1,271			1,271
Community and Cultural Affairs	22,160			22,160	(67)	8	22,093
Development and Technology	39,725	(674)	2	39,051			39,051
Education	219,603			219,603	(8,049)	8	211,554
Environment and Energy	-	7,415	1/2	7,415			7,415
Executive Council	3,025			3,025			3,025
Fisheries, Aquaculture and Environment	9,248	(9,248)	1	-			-
Health and Social Services	418,575	2,900	4	421,475	(83)	8	421,392
Legislative Assembly	3,318			3,318			3,318
Provincial Treasury	31,333	(3,200)	3/4	28,133			28,133
Public Service Commission	16,866			16,866	(10,408)	8	6,458
Tourism	17,676			17,676	(5,944)		11,732
Transportation and Pub Works	71,373	300	3	71,673	5,830	5/6	77,503
Capital Expenditure	28,250			28,250	(28,250)	6	-
Amortization of Capital Assets	-			-	24,024	6	24,024
Pension and Retirement Benefits	-			-	18,607	8	18,607
Interest Charges on Debt	105,409			105,409			105,409
Total Expense	**1,051,964**			**1,051,964**			**1,047,624**
	(22,949)			**(22,949)**			**(25,560)**
Change in Tangible Capital Asset Policy	12,560			12,560	2,611	5/6	15,171
Net Deficit of Crown Entities	(1,103)			(1,103)			(1,103)
Consolidated Deficit	**(11,492)**			**(11,492)**			**(11,492)**

1 - Transfer of Fisheries and Aquaculture to Agriculture and Forestry and setup Department of Environment and Energy
2 - Transfer PEI Energy Corporation to Environment and Energy from Development and Technology.
3 - Transfer Interministerial Women's Secretariat toTransportation and Public Works from Provicial Treasury.
4 - Transfer $2,900,000 to Health and Social Services from General Government for Salary Negotiations
5 - Reallocation of Capital Revenues per Change in Capital Asset Policy (Note 3).
6 - Reallocation of Capital Expenditures per Change in Capital Asset Policy (Note 3).
7 - Reversal of Golf Links PEI revenue in Operating Fund
8 - Costs of pension, retirement and other future employee benefits transferred to a separate line item

This schedule outlines the changes in the Province's 2003-2004 Budget resulting from the re-allocation of funds within Departments. The information is taken from the Province of PEI Estimates of Revenue and Expenditure for the years 2003 and 2004. The column under 2004 Unaudited Revised Estimates is the budget information provided in the Statement of Operations (Page 10).

Summary

Of

Ordinary Revenues And Expenditures

For the Year Ended March 31, 2004

PROVINCE OF PRINCE EDWARD ISLAND
SUMMARY OF ORDINARY REVENUE AND EXPENDITURE
YEAR ENDED MARCH 31, 2004

	Expenditures $	Federal Revenue $	Provincial Revenue $	Net Expenditures (Revenue) $
Department of Agriculture,Fisheries,Aquaculture & Forestry				
Corporate and Financial Services	8,502,501	3,163,834	658	5,338,009
Strategic Planning and Measurement	441,607	-	-	441,607
Forestry and Land Resource Modeling	5,415,650	-	849,259	4,566,391
Agriculture Resource Division	15,089,482	3,111,924	7,557	11,970,001
Agriculture Policy and Regulatory Division	6,776,465	-	452,357	6,324,108
Fisheries and Aquaculture	2,504,116	-	41,648	2,462,468
TOTAL Agriculture, Fisheries & Forestry	38,729,821	6,275,758	1,351,479	31,102,584
PEI Grain Elevators Corporation				
PEI Grain Elevators Corporation	165,000	-	-	165,000
TOTAL PEI Grain Elevators Corporation	165,000	-	-	165,000
Office of the Attorney General				
Administration	330,670	-	50	330,620
Justice Policy	706,646	-	-	706,646
Legal and Judicial Services	6,713,806	570,559	2,660,250	3,482,997
Consumer, Corporate and Insurance	1,293,308	189,529	15,230,191	(14,126,412)
Crown Attorney	953,661	-	-	953,661
Community and Correctional Services	12,161,950	2,622,418	179,890	9,359,642
Access and Privacy Services	153,838	-	20	153,818
Provincial Policing Services	9,597,740	-	-	9,597,740
TOTAL Attorney General	31,911,619	3,382,506	18,070,401	10,458,712
Auditor General				
Administration	1,127,541	-	-	1,127,541
TOTAL Auditor General	1,127,541	-	-	1,127,541
Department of Community and Cultural Affairs				
Policy and Administration	9,276,975	2,326,220	1,844,401	5,106,354
Planning and Inspection Services	6,355,746	843,278	803,456	4,709,012
Labour and Industrial Relations	520,433	-	118,709	401,724
Provincial Libraries	2,104,925	11,250	-	2,093,675
Culture and Heritage	1,963,458	515,350	-	1,448,108
P.E.I. Museum and Heritage Foundation	772,571	-	-	772,571
Recreation and Sport	3,095,753	200,000	-	2,895,753
TOTAL Community and Cultural Affairs	24,089,861	3,896,098	2,766,566	17,427,197
Department of Development and Technology				
Departmental Management	996,351	-	512	995,839
Single Window Service	2,872,336	178,090	14,221	2,680,025
Community and Labour Market Development	2,420,746	52,772	-	2,367,974
Infrastructure Support	1,041,992	-	41,700	1,000,292
TOTAL Development and Technology	7,331,425	230,862	56,433	7,044,130

	Expenditures $	Federal Revenue $	Provincial Revenue $	Net Expenditures (Revenue) $
PEI Business Development Inc				
PEI Business Development Inc	28,427,100	3,500	1,995	28,421,605
TOTAL PEI Business Development Inc	28,427,100	3,500	1,995	28,421,605
Employment Development Agency				
Management	501,391	-	-	501,391
Job Creation and Placement	3,448,467	-	-	3,448,467
Jobs for Youth	1,201,213	-	-	1,201,213
TOTAL Employment Development Agency	5,151,071	-	-	5,151,071
Liquor Control Commission				
General	-	-	10,643,207	(10,643,207)
TOTAL Liquor Control Commission	-	-	10,643,207	(10,643,207)
Department of Education				
Policy, Planning and Evaluation	344,388	-	-	344,388
Finance and School Board Operations	145,021,260	2,045,384	610,709	142,365,167
Technology in Learning	3,900,844	-	-	3,900,844
Branch Administration and Kindergarten	3,119,026	-	-	3,119,026
English Programs	2,262,983	317,837	8,180	1,936,966
French Programs	1,208,599	4,650	-	1,203,949
Student Services	2,255,019	-	-	2,255,019
Continuing Education and Training	57,825,952	5,762,700	11,255	52,051,997
TOTAL Department of Education	215,938,071	8,130,571	630,144	207,177,356
Island Regulatory and Appeals Commission				
General	1,131,879	-	-	1,131,879
TOTAL Island Regulatory and Appeals Comm.	1,131,879	-	-	1,131,879
Department of Environment and Energy				
Department Management	365,381	-	-	365,381
Pollution Prevention	1,495,730	-	66,127	1,429,603
Water Management	2,263,454	80,000	416,410	1,767,044
Conservation and Management	1,965,508	37,212	423,381	1,504,915
Administration	512,805	-	636	512,169
Corporate Services	178,543	-	-	178,543
TOTAL Environment and Energy	6,781,421	117,212	906,554	5,757,655
PEI Energy Corporation				
Operations	673,600	-	60,755	612,845
TOTAL PEI Energy Corporation	673,600	-	60,755	612,845

	Expenditures $	Federal Revenue $	Provincial Revenue $	Expenditures (Revenue) $
Executive Council				
Premier's Office	640,260	-	-	640,260
Executive Council Office	1,056,691	-	-	1,056,691
Planning and Research	98,224	-	-	98,224
Intergovernmental Affairs	450,080	-	-	450,080
Acadian and Francophone Affairs	758,630	520,275	-	238,355
Electoral Reform Commission	44,121	-	-	44,121
Electoral Boundaries Commission	18,861	-	-	18,861
TOTAL Executive Council	3,066,867	520,275	-	2,546,592
Department of Health and Social Services				
Corporate Services	2,744,794	27,500	25	2,717,269
Office of the Chief Health Officer	726,860	-	-	726,860
Medical Programs	84,954,103	1,802,600	80,521	83,070,982
Finance and Administration	9,203,742	2,968,472	598,782	5,636,488
Health Informatics	6,803,842	-	293,957	6,509,885
Health Policy Development	2,809,938	239,095	354,451	2,216,392
Social Policy Development	7,095,773	929,285	4,603	6,161,885
Regulatory Services	1,126,478	-	1,721	1,124,757
Cancer Treatment / MRI Services	2,423,792	-	-	2,423,792
Provincial Health Services Authority	116,925,000	-	-	116,925,000
Regionally Delivered Services	183,267,202	196,325	15,275,823	167,795,054
TOTAL Health and Social Services	418,081,524	6,163,277	16,609,883	395,308,364
East Prince Health Facility				
East Prince Health Facility	7,264,822	-	-	7,264,822
TOTAL East Prince Health Facility	7,264,822	-	-	7,264,822
Legislative Assembly				
Legislative Services	1,381,252	-	-	1,381,252
Members	1,547,488	-	-	1,547,488
Office of the Conflict of Interest Commissioner	22,508	-	-	22,508
Office of the Information & Privacy Commissioner	80,205	-	-	80,205
Elections	1,161,056	-	-	1,161,056
TOTAL Legislative Assembly	4,192,509	-	-	4,192,509
Department of the Provincial Treasury				
Administration	484,949	-	-	484,949
Fiscal Management	924,513	-	220,567	703,946
Policy and Evaluation	533,424	-	252,270	281,154
Taxation and Property Records	5,727,659	-	320,472,315	(314,744,656)
Office of the Comptroller	1,391,211	212,276	510,223	668,712
Information Services	3,358,771	-	44,379	3,314,392
Economics, Statistics & Federal Fiscal Relations	405,839	354,775,130	194,686,182	(549,055,473)
Information Technology Management Group	5,637,938	-	771,811	4,866,127
TOTAL Department of the Provincial Treasury	18,464,304	354,987,406	516,957,747	(853,480,849)

	Expenditures $	Federal Revenue $	Provincial Revenue $	Net Expenditures (Revenue) $
General Government				
Miscellaneous General	337,613	-	-	337,613
Grants	2,020,132	-	40,189	1,979,943
Government Insurance Program	1,323,667	-	59,446	1,264,221
Contingency Fund	19,373,292	-	-	19,373,292
TOTAL General Government	23,054,704	-	99,635	22,955,069
Technology Asset Management				
Technology Asset Management	2,204,346	-	-	2,204,346
TOTAL Technology Asset Management	2,204,346	-	-	2,204,346
PEI Lending Agency				
General	4,529,100	-	-	4,529,100
TOTAL PEI Lending Agency	4,529,100	-	-	4,529,100
Council of Atlantic Premiers				
Atlantic Provinces Education Foundation	15,917	-	-	15,917
Council of Atlantic Premiers Secretariat	67,424	-	-	67,424
Maritime Prov. Higher Education Commission	85,929	-	-	85,929
Atlantic Prov. Community College Consortium	4,214	-	-	4,214
TOTAL Council of Atlantic Premiers	173,484	-	-	173,484
Public Service Commission				
Management	225,763	-	-	225,763
Classification and Labour Relations	1,293,385	-	-	1,293,385
Learning and Development	1,452,948	100,000	272,891	1,080,057
Staffing and Human Resources Planning	1,098,119	-	506,313	591,806
Corporate Services, Systems & Administration	1,451,000	-	221,759	1,229,241
TOTAL Public Services Commission	5,521,215	100,000	1,000,963	4,420,252
Employee Benefits				
Medical / Life Benefits	241,564	-	-	241,564
Employees' Future Benefits	1,152,946	-	-	1,152,946
Pension Management	163,284	-	-	163,284
TOTAL Employee Benefits	1,557,794	-	-	1,557,794
Department of Tourism				
Department Management	103,894	-	-	103,894
TOTAL Tourism	103,894	-	-	103,894
Tourism PEI				
Tourism PEI Inc	12,138,969	61,880	1,381,833	10,695,256
TOTAL Tourism PEI	12,138,969	61,880	1,381,833	10,695,256

	Expenditures $	Federal Revenue $	Provincial Revenue $	Net Expenditures (Revenue) $
Department of Transportation and Public Works				
Finance & Human Resources	1,655,272	-	-	1,655,272
Highway Safety & Information Technology	2,176,831	197,448	11,814,372	(9,834,989)
Land & Environmental	1,262,840	-	-	1,262,840
Highway Maintenance Operations	41,382,704	-	192,896	41,189,808
Public Works & Planning	15,920,150	-	529,794	15,390,356
Capital Project Division	8,682,144	-	23,680	8,658,464
Provincial Waste Management	754,960	-	-	754,960
Capital	13,690,771	-	235,846	13,454,925
TOTAL Transportation and Public Works	85,525,672	197,448	12,796,588	72,531,636
Interministerial Women's Secretariat				
Interministerial Women's Secretariat	290,850	-	-	290,850
TOTAL Interministerial Women's Secretariat	290,850	-	-	290,850
Interest Charges / Investment Income				
Interest	102,990,190	-	14,216,709	88,773,481
Amortization of Debenture Discount	654,968	-	-	654,968
TOTAL Interest Charges / Investment Income	103,645,158	-	14,216,709	89,428,449
TOTAL PROVINCE	**1,051,273,621**	**384,066,793**	**597,550,892**	**69,655,936**

Details

Of

Ordinary Revenues With Estimates

For the Year Ended March 31, 2004

DEPARTMENT OF AGRICULTURE, FISHERIES, AQUACULTURE AND FORESTRY

	REVENUE $	ESTIMATES $
CORPORATE AND FINANCIAL SERVICES		
Finance and Administration		
Federal		
Economic Regional Development Agreement	115,568	-
Miscellaneous	2,284,400	
Fees and Services		
FOIP Fees	75	-
Sales		
Miscellaneous	583	-
	2,400,626	-
Farm Income Risk Management		
Federal		
Crop Insurance	763,866	425,800
	763,866	425,800
Total Corporate and Financial Services	**3,164,492**	**425,800**
FORESTRY AND LAND RESOURCE MODELLING		
Production Development		
Sales		
JF Gaudet Tree Nursery	104,853	130,000
	104,853	130,000
Provincial Forests Program		
Sales		
Forestry Sales	322,836	279,600
	322,836	279,600
Private Land Program		
Fees and Services		
Forestry Establishment Fees	55,935	75,000
Forestry Checkoff	345,789	303,000
	401,724	378,000
Resource Inventory and Modelling		
Fees and Services		
Miscellaneous	-	15,000
Sales		
Miscellaneous	19,846	5,500
	19,846	20,500
Total Forestry and Land Resource Modelling	**849,259**	**808,100**
AGRICULTURE RESOURCE DIVISION		
Division Management		
Licenses and Permits		
Miscellaneous	35	-
	35	-

AGRICULTURE,FISHERIES,AQUACULTURE AND FORESTRY

Continued

	REVENUE $	ESTIMATES $
Farm Extension Services		
Federal		
Miscellaneous	3,111,924	-
Fees and Services		
Miscellaneous	2,725	1,500
Sales		
Miscellaneous	604	-
	3,115,253	1,500
Sustainable Agriculture Resources		
Licenses and Permits		
Miscellaneous	175	-
Fees and Services		
Miscellaneous	1,629	-
Sales		
Miscellaneous	2,389	-
	4,193	-
Total Agriculture Resource Division	**3,119,481**	**1,500**
AGRICULTURE POLICY AND REGULATORY DIVISION		
Division Management/Regulatory Services		
Licenses and Permits		
Miscellaneous	1,051	2,400
Fees and Services		
Miscellaneous	400	-
	1,451	2,400
Soil and Feed Lab		
Fees and Services		
Soil and Feed Lab Fees	189,680	155,000
	189,680	155,000
Plant Health and Diagnostics Program		
Fees and Services		
Miscellaneous	36,000	-
	36,000	-
Dairy Lab		
Fees and Services		
Dairy Lab Fees	58,724	58,000
	58,724	58,000
Potato Quality Program		
Fees and Services		
Disinfection Fees	166,502	200,000
	166,502	200,000
Total Agriculture Policy and Regulatory Division	**452,357**	**415,400**

AGRICULTURE,FISHERIES,AQUACULTURE AND FORESTRY

Continued

	REVENUE $	ESTIMATES $
FISHERIES AND AQUACULTURE		
Services		
Fees and Services		
Miscellaneous	27,965	30,000
Sales		
Miscellaneous	120	-
	28,085	30,000
Aquaculture		
Sales		
Miscellaneous	13,563	5,000
	13,563	5,000
Total Fisheries and Aquaculture	**41,648**	**35,000**
TOTAL AGRICULTURE, FISHERIES, AQUACULTURE AND FORESTRY	**7,627,237**	**1,685,800**

OFFICE OF THE ATTORNEY GENERAL

	REVENUE $	ESTIMATES $
ADMINISTRATION		
Administration		
Fees & Services		
Miscellaneous	50	-
Total Administration	**50**	-
LEGAL AND JUDICIAL SERVICES		
Judicial Services		
Fees and Services		
Patient Fees	43	-
Court Fees	119,793	140,000
Probate Court Fees	228,382	160,900
Fines & Penalties	530,066	635,000
	878,284	935,900
Sheriff's Office		
Fees and Services		
Sheriff Fees	127,094	165,000
	127,094	165,000
Legal Aid		
Federal		
Legal Aid	348,270	261,000
	348,270	261,000
RCMP		
Fees and Services		
RCMP Recoveries	810,088	710,000
	810,088	710,000
Courthouse Automation Project		
Fees and Services		
Probate Court Fees	844,634	861,000
	844,634	861,000
Family Law		
Federal		
Miscellaneous	222,289	170,000
Fees & Services		
Miscellaneous	150	-
	222,439	170,000
Total Legal and Judicial Services	**3,230,809**	**3,102,900**

OFFICE OF THE ATTORNEY GENERAL

Continued

	REVENUE $	ESTIMATES $
CONSUMER, CORPORATE AND INSURANCE		
Corporate Services		
Licenses and Permits		
Companies Act	373,255	326,000
Registration and Licensing Act	703,189	575,000
Securities Act	2,297,978	1,800,000
Securities, Brokers and Salesmen	776,201	550,000
Partnership Act	120,162	80,000
Fees and Services		
Company Inspection Fees	2,450	5,000
Sales		
Miscellaneous	683	700
	4,273,918	3,336,700
Consumer Services		
Federal		
Gun Control	189,529	220,000
Licenses and Permits		
Provincial Lotteries	266,132	235,000
Film Act	3,430	5,000
P.I. Security Guards Act	10,910	10,000
Collecting Agency Act	9,200	4,000
Direct Sellers Act	1,850	7,000
Auctioneers Act	1,650	1,200
Miscellaneous	35,232	35,000
	517,933	517,200
Insurance Services		
Licenses and Permits		
Insurance Act	156,025	140,000
Real Estate Agents	20,875	5,000
Miscellaneous	74,088	60,000
Fees and Services		
Third Party Insurance	2,069,864	1,800,000
Sales		
Miscellaneous	4,469	8,000
Taxes		
Insurance Premium Taxes	7,946,631	6,200,000
Fire Prevention Tax Act	355,917	250,000
	10,627,869	8,463,000
Total Consumer, Corporate and Insurance	**15,419,720**	**12,316,900**
COMMUNITY AND CORRECTIONAL SERVICES		
Division Management		
Federal		
Young Offenders	2,357,631	2,243,600
	2,357,631	2,243,600

OFFICE OF THE ATTORNEY GENERAL

Continued

	REVENUE $	ESTIMATES $
Provincial Correctional Centre		
Federal		
Exchange of Service Agreement	75,000	75,000
Sales		
Meals	13,873	9,000
	88,873	84,000
Prince County Correctional Centre		
Sales		
Meals	826	3,500
	826	3,500
Tyne Valley Youth Centre		
Sales		
Meals	2,816	4,800
	2,816	4,800
Georgetown Youth Centre		
Federal		
Special Income Assistance	421	-
Sales		
Meals	5,496	6,000
	5,917	6,000
Summerside Youth Centre		
Federal		
Special Income Assistance	17,218	-
Allowance for Young Offenders	-	32,000
Sales		
Meals	18,558	37,200
	35,776	69,200
Victim Services		
Federal		
Miscellaneous	72,148	63,400
Fees and Services		
Victims Surcharge-Federal	53,608	34,000
Victims Surcharge-Provincial	84,713	140,000
	210,469	237,400
Justice Program Resource Centre		
Federal		
Miscellaneous	100,000	100,000
Total Community and Correctional Services	**2,802,308**	**2,748,500**
ACCESS AND PRIVACY SERVICES		
Fees & Services		
FOIP Fees	20	-
Total Access and Privacy Services	20	-
TOTAL OFFICE OF THE ATTORNEY GENERAL	**21,452,907**	**18,168,300**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

	REVENUE $	ESTIMATES $
POLICY AND ADMINISTRATION		
Administration		
Sales		
Miscellaneous	200	-
	200	-
Infrastructure		
Federal		
Infrastructure	2,326,220	2,496,000
Fees and Services		
Special Funds Revenue	1,844,201	1,844,300
	4,170,421	4,340,300
Total Policy and Administration	**4,170,621**	**4,340,300**
PLANNING AND INSPECTION SERVICES		
Administration		
Licences & Permits		
Sub-Division Payments	75	-
Sales		
Geomatics Services	13,373	-
	13,448	-
Provincial Planning		
Licenses & Permits		
Sewage Disposal Permits	120	-
	120	-
Building and Development		
Licenses and Permits		
Sub-Division Permits	70,775	40,000
Sewage Disposal Permits	109,379	80,000
Building Permits	109,680	80,000
Fees and Services		
Entry Way Permits	925	-
Sales		
Geomatices Services	60	-
	290,819	200,000
Emergency Measures		
Federal		
Disaster Assistance	566,221	-
	566,221	-
Joint Emergency Preparedness Projects		
Federal		
Emergency Measures Organization	165,456	155,100
	165,456	155,100

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	REVENUE $	ESTIMATES $
Electrical Inspection		
Fees and Services		
Electrical Inspection Fees	267,205	267,000
Engineer Fees	30	-
Miscellaneous	6,817	-
	274,052	267,000
Boiler and Plumbing Inspection		
Federal		
Federal Boiler Inspection Fees	74,101	50,000
Fees and Services		
Plumbing Permits	80,739	50,000
Boiler Inspection Fees	121,772	117,000
Engineers Fees	22,480	25,000
	299,092	242,000
Municipal Affairs		
Federal		
French Service Agreement	37,500	-
	37,500	-
911 Project		
Fees & Services		
Sign Fees	26	-
Miscellaneous	-	162,000
	26	162,000
Total Planning and Inspection Services	**1,646,734**	**1,026,100**
LABOUR AND INDUSTRIAL RELATIONS		
Administration		
Fees and Services		
Fees - Workers Compensation Board	118,709	79,500
Total Labour and Industrial Relations	**118,709**	**79,500**
PROVINCIAL LIBRARIES		
French Library Services		
Federal		
French Service Agreement	11,250	42,800
Sales		
Miscellaneous	-	3,000
Total Provincial Libraries and Public Archives	**11,250**	**45,800**
CULTURE AND HERITAGE		
Culture and Heritage		
Federal		
French Service Agreement	515,350	392,600
	515,350	392,600

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	REVENUE $	ESTIMATES $
Public Archives and Records Office		
Federal		
Miscellaneous	-	20,000
Sales		
Miscellaneous	-	3,000
	-	23,000
Recreation and Sport		
Fees and Services		
Special Projects Fund Revenue	-	800
	-	800
Total Culture and Heritage	**515,350**	**416,400**
RECREATION AND SPORT		
Sports Strategy		
Federal		
Miscellaneous	200,000	-
Total Recreation and Sport	**200,000**	-
TOTAL COMMUNITY & CULTURAL AFFAIRS	**6,662,664**	**5,908,100**

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

	REVENUE $	ESTIMATES $
DEPARTMENTAL MANAGEMENT		
Administration		
Fees and Services		
FOIP Fees	512	-
Total Departmental Management	**512**	-
SINGLE WINDOW SERVICE		
Administration		
Federal		
French Service Agreement	7,690	-
Miscellaneous	94,400	94,400
	102,090	94,400
Summerside Access PEI		
Federal		
French Services Agreement	36,000	36,000
Sales		
Miscellaneous	2,846	4,000
	38,846	40,000
Souris Access PEI		
Sales		
Miscellaneous	453	1,500
	453	1,500
West Prince RSC		
Sales		
Miscellaneous	93	12,500
	93	12,500
Southern Kings and Queens RSC		
Sales		
Miscellaneous	280	3,000
	280	3,000
Evangeline RSC		
Sales		
Miscellaneous	10,031	6,000
	10,031	6,000
Tignish and Area Government Services Centre		
Sales		
Miscellaneous	119	-
Taxes		
Health Tax	5	-
	124	-

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

Continued

	REVENUE $	ESTIMATES $
Morell Access PEI		
Sales		
Miscellaneous	186	-
	186	-
Riverside Access PEI		
Federal		
French Services Agreement	40,000	40,000
	40,000	40,000
Stratford Access PEI		
Federal		
French Service Agreement	-	6,900
Sales		
Miscellaneous	208	-
	208	6,900
Total Single Window Service	**192,311**	**204,300**
COMMUNITY AND LABOUR MARKET DEVELOPMENT		
Federal		
Community & Labour Market Development	52,772	48,500
Total Community and Labour Market Development	**52,772**	**48,500**
INFRASTRUCTURE SUPPORT		
Infrastructure		
Fees & Services		
Miscellaneous	41,700	27,800
Total Infrastructure Support	**41,700**	**27,800**
TOTAL DEVELOPMENT AND TECHNOLOGY	**287,295**	**280,600**

P.E.I. BUSINESS DEVELOPMENT INC.

	REVENUE $	ESTIMATES $
DEVELOPMENT ASSISTANCE		
PEI Venture Capital Fund		
Fees and Services		
Miscellaneous	70	-
Sales		
Miscellaneous	1,925	-
	1,995	-
Official Language		
Federal		
French Services Agreement	3,500	3,500
	3,500	3,500
TOTAL P.E.I. BUSINESS DEVELOPMENT INC	**5,495**	**3,500**

LIQUOR CONTROL COMMISSION

	REVENUE $	ESTIMATES $
GENERAL		
Sales		
Liquor Control Act	10,643,207	10,633,900
TOTAL LIQUOR CONTROL COMMISSION	**10,643,207**	**10,633,900**

DEPARTMENT OF EDUCATION

	REVENUE $	ESTIMATES $
FINANCE AND SCHOOL BOARD OPERATIONS		
Administration		
Federal		
Special Income Assistance	504	-
Fees and Services		
FOIP Fees	25	-
Miscellaneous	219,934	128,400
	220,463	128,400
Systems and Information		
Federal		
Miscellaneous	73,640	71,600
	73,640	71,600
Grants to School Boards		
Federal		
Minority & Second Language	1,971,240	1,709,000
Fees and Services		
Tuition Reimbursement	390,750	380,500
	2,361,990	2,089,500
Total Finance and School Board Operations	**2,656,093**	**2,289,500**
ENGLISH PROGRAMS		
Programs - General		
Fees and Services		
High School Testing Fees	8,180	2,500
	8,180	2,500
Technology		
Federal		
Miscellaneous	317,837	264,600
	317,837	264,600
Total English Programs	**326,017**	**267,100**
FRENCH PROGRAMS AND SERVICES		
General		
Federal		
French Service Agreement	4,650	-
Total French Programs and Services	**4,650**	-

DEPARTMENT OF EDUCATION

Continued

	REVENUE $	ESTIMATES $
CONTINUING EDUCATION AND TRAINING		
General		
Federal		
Canada Employment	5,541,400	4,552,000
Student Loan Administration	221,300	216,000
	5,762,700	4,768,000
Apprenticeship and Training		
Fees and Services		
Miscellaneous	11,255	6,200
	11,255	6,200
Total Continuing Education and Training	**5,773,955**	**4,774,200**
TOTAL DEPARTMENT OF EDUCATION	**8,760,715**	**7,330,800**

DEPARTMENT OF ENVIRONMENT AND ENERGY

	REVENUE $	ESTIMATES $
POLLUTION PREVENTION		
Administration		
Licenses and Permits		
Miscellaneous	3,400	2,000
	3,400	2,000
Air and Hazardous Materials		
Licenses and Permits		
Ozone Permits	11,725	10,000
Air Quality Permits	1,000	1,000
Junkyard Licenses	5,180	3,000
Miscellaneous	16,370	15,000
Sales		
Miscellaneous	14,548	17,500
	48,823	46,500
Pesticide		
Licenses & Permits		
Miscellaneous	3,300	2,000
Fees & Services		
Miscellaneous	7,160	3,500
Sales		
Miscellaneous	444	1,000
	10,904	6,500
Pollution Prevention		
Licenses and Permits		
Miscellaneous	1,500	2,000
Fees and Services		
Miscellaneous	1,500	-
	3,000	2,000
Total Pollution Prevention	**66,127**	**57,000**
WATER MANAGEMENT		
Rivers and Estuaries		
Licenses and Permits		
Irrigation Permits	15,000	8,000
Radiation Surveillance	16,115	20,000
Fees and Services		
Sand Mining	11,297	10,500
	42,412	38,500
Groundwater		
Licenses and Permits		
Well Drillers Licenses	662	1,200
Septic Pumper Licenses	600	-
Sales		
Geomatics Services	42,739	-
	44,001	1,200

DEPARTMENT OF ENVIRONMENT AND ENERGY

Continued

	REVENUE $	ESTIMATES $
Engineering and Utilities		
Sales		
Geomatics Services	-	45,000
	-	45,000
Shellfish Program		
Federal		
Shellfish Monitoring	80,000	80,000
	80,000	80,000
PEI Analytical Laboratories - Microbiology		
Licenses and Permits		
Radiation Surveillance	193,321	140,000
Water Certification	136,676	120,000
	329,997	260,000
Total Water Management	**496,410**	**424,700**
CONSERVATION AND MANAGEMENT		
Adminsitration		
Federal		
French Service Agreement	10,000	-
Migratory Bird Program	1,712	3,000
Miscellaneous	20,500	-
Licenses and Permits		
Fish and Game Licenses	158,629	193,500
Radiation Surveillance	110	-
Miscellaneous	126,839	152,000
Fees and Services		
Firearm Safety Administration	-	10,500
Course Fees - Firearm Safety	7,604	10,000
Miscellaneous	7,304	-
Sales		
Miscellaneous	24,078	25,000
	356,776	394,000
Wetland Management		
Federal		
Wetland Management	5,000	10,000
Fees and Services		
Wetland Management Program	96,117	100,000
	101,117	110,000
Habitat Protection and Enhancement		
Fees & Services		
Miscellaneous	2,700	-
Total Conservation and Management	**460,593**	**504,000**
ADMINISTRATION		
General		
Fees and Services		
FOIP Fees	636	-
Total Administration	**636**	**-**
TOTAL ENVIRONMENT AND ENERGY	**1,023,766**	**985,700**

PEI ENERGY CORPORATION

	REVENUE $	ESTIMATES $
OPERATIONS		
Licenses and Permits		
Gas and Oil Licenses	60,755	50,000
TOTAL PEI ENERGY CORPORATION	**60,755**	**50,000**

EXECUTIVE COUNCIL

	REVENUE $	ESTIMATES $
ACADIAN AND FRANCOPHONE AFFAIRS		
Francophone Affairs		
Federal		
French Services Agreement	515,175	283,000
	515,175	283,000
Acadian Communities Advisory Committee		
Federal		
French Services Agreement	5,100	6,700
Total Acadian and Francophone Affairs	**520,275**	**289,700**
TOTAL EXECUTIVE COUNCIL	**520,275**	**289,700**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

	REVENUE $	ESTIMATES $
CORPORATE SERVICES		
General Office		
Federal		
French Services Agreement	-	25,000
	-	25,000
Partnerships and Strategic Planning		
Federal		
Miscellaneous	-	25,900
Fees & Services		
FOIP Fees	25	-
Miscellaneous	-	12,200
	25	38,100
Human Resource Management		
Federal		
French Services Agreement	27,500	-
	27,500	-
Total Corporate Services	**27,525**	**63,100**
MEDICAL PROGRAMS		
Medicare Services		
Fees and Services		
Miscellaneous	31,235	2,500
Sales		
Miscellaneous	17,163	9,000
	48,398	11,500
Primary Care Redesign		
Federal		
Miscellaneous	1,802,600	3,359,100
Fees and Services		
Miscellaneous	32,123	-
	1,834,723	3,359,100
Total Medical Programs	**1,883,121**	**3,370,600**
FINANCE AND ADMINISTRATION		
General Office		
Fees and Services		
Vital Statistics	35	-
	35	-

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	REVENUE $	ESTIMATES $
Financial Services		
Federal		
Children-In-Care Special Allowance	422,115	460,000
Housing Federal Revenue	2,309,449	1,842,600
Safer Communities Strategy	170,000	-
Maintenance of Indian Children in Care	66,908	150,000
Fees and Services		
Patient Fees	20,084	30,000
Gertrude Cotton Trust	4,300	4,000
Op/Maint Rec Fr. Ct.	655	-
Miscellaneous	2,634	5,000
Sales		
Home Housing Authority	23,050	15,000
Miscellaneous	7,079	-
Investment		
Surplus - Crown Corporations and Agencies	515,581	500,000
	3,541,855	3,006,600
Financial Planning		
Fees and Services		
OP / Maintenance	25,364	30,000
	25,364	30,000
Total Finance and Administration	**3,567,254**	**3,036,600**
HEALTH INFORMATICS		
Vital Statistics		
Licenses and Permits		
Marriage Licenses	59,105	90,000
Fees and Services		
Vital Statistics Fees	234,852	175,400
Total Health Informatics	**293,957**	**265,400**
HEALTH POLICY DEVELOPMENT		
Epidemiology Unit		
Federal		
Miscellaneous	90,637	120,000
Fees & Services		
Special Projects Fund Revenue	291,200	-
	381,837	120,000
Reproductive Care		
Federal		
Miscellaneous	98,000	104,000
	98,000	104,000

DEPARTMENT OF HEALTH AND SOCIAL SERVICES Continued

	REVENUE $	ESTIMATES $
Environmental Health		
Federal		
Miscellaneous	50,458	62,000
Fees and Services		
Meat Inspection Program	-	25,000
Miscellaneous	63,251	60,000
	113,709	147,000
Total Health Policy Development	**593,546**	**371,000**
SOCIAL POLICY DEVELOPMENT		
Child Welfare Services		
Fees and Services		
Adoption Fees	200	-
Sales		
Miscellaneous	73	-
	273	-
Community Services		
Federal		
Alcohol & Drug Treatment	304,285	305,000
Licenses and Permits		
Child Care Facility	4,330	1,000
	308,615	306,000
Income Security		
Federal		
Rehabilitation Program	625,000	625,000
	625,000	625,000
Total Social Policy Development	**933,888**	**931,000**
REGIONALLY DELIVERED SERVICES		
In Province Acute Care Hospitals		
Fees & Services		
Special Projects Fund Revenue	-	125,000
	-	125,000

DEPARTMENT OF HEALTH AND SOCIAL SERVICES Continued

	REVENUE $	ESTIMATES $
Regional Services		
Federal		
French Services Agreement	196,325	286,100
Fees and Services		
Patient Fees	10,502,721	10,283,300
Professional Services	9,667	10,000
Housing Rental	4,524,799	4,385,000
Homemaker Fees	22,235	22,300
Sales		
Meals	213,133	201,500
PHN Immunization Fees	3,268	36,300
	15,472,148	15,224,500
Total Regionally Delivered Services	**15,472,148**	**15,349,500**
REGULATORY SERVICES		
General Office		
Licenses & Permits		
Nursing Home Licenses	1,200	800
Fees & Services		
Miscellaneous	521	-
Total Regulatory Services	**1,721**	**800**
TOTAL HEALTH AND SOCIAL SERVICES	**22,773,160**	**23,388,000**

DEPARTMENT OF THE PROVINCIAL TREASURY

	REVENUE $	ESTIMATES $
FISCAL MANAGEMENT		
Administration		
Fees & Services		
Miscellaneous	220,477	117,400
Taxes		
Income Tax Personal	90	-
Total Fiscal Management	220,567	117,400
POLICY AND EVALUATION		
Risk Management and Insurance		
Fees and Services		
Self Insurance Rebate	252,270	228,400
Miscellaneous	-	29,400
Total Policy and Evaluation	**252,270**	**257,800**
TAXATION AND PROPERTY RECORDS		
Administration		
Fees and Services		
Registry of Deeds Fees	2,396,734	1,800,000
Tax Certificate Fees	10,538	23,000
GeoLinc P	65,871	
Sales		
Lottery Commission	17,188,621	18,000,000
Microfiche Sales	5,880	7,300
Geomatics Library	1,128	35,000
Geomatics Services	78,332	115,000
Miscellaneous	8,956	11,000
Taxes		
Health Tax on Liquor	12,004,386	11,458,200
Health Tax on Tobacco	25,630,808	29,500,000
Real Property Tax	52,980,155	53,000,000
Revenue Tax	171,670,125	171,282,300
Gasoline Tax	36,195,956	36,000,000
Corporation Capital Tax	1,955,060	1,700,000
Environmental Tax	279,268	300,000
Newspaper	30	-
	320,471,848	323,231,800
Tax Administration		
Fees & Services		
Miscellaneous	467	-
	467	-
Total Taxation and Property Records	**320,472,315**	**323,231,800**

DEPARTMENT OF THE PROVINCIAL TREASURY continued

	REVENUE $	ESTIMATES $
OFFICE OF THE COMPTROLLER		
Expenditure Management		
Federal		
Miscellaneous	212,276	180,000
Fees and Services		
FOIP Fees	10	-
Miscellaneous	5,200	-
Sales		
Cheques Written Off	114,400	-
Books	457	-
Miscellaneous	8,489	-
Taxes		
Revenue Tax	381,667	-
Total Office of the Comptroller	**722,499**	**180,000**
INFORMATION SERVICES		
Document Publishing Centre		
Sales		
Miscellaneous	38,869	45,000
	38,869	45,000
Audio Visual and Text Services		
Fees and Services		
Miscellaneous	4,347	5,500
	4,347	5,500
Communications		
Sales		
Miscellaneous	1,163	2,500
	1,163	2,500
Total Information Services	**44,379**	**53,000**
ECONOMICS, STATISTICS AND FEDERAL FISCAL RELATIONS		
Administration		
Federal		
Equalization	243,790,082	270,000,000
Canada Health & Social Transfer	103,750,561	111,352,600
CHST-Equipment Fund	2,217,522	-
Statutory Subsidy	678,965	678,000
Health Reform Transfer	4,338,000	-
Taxes		
Personal Income Tax	164,858,500	168,012,500
Corporate Income Tax	29,827,682	35,709,000
Total Economics, Statistics and Federal Fiscal Relations	**549,461,312**	**585,752,100**

DEPARTMENT OF THE PROVINCIAL TREASURY continued

	REVENUE $	ESTIMATES $
INFORMATION TECHNOLOGY MANAGEMENT GROUP		
IT Operations		
Sales		
Miscellaneous	274,339	500,700
	274,339	500,700
Information Systems Delivery		
Sales		
Miscellaneous	330,864	191,600
	330,864	191,600
Telecommunications		
Sales		
Miscellaneous	166,608	-
	166,608	-
Total Information Technology Management Group	**771,811**	**692,300**
TOTAL PROVINCIAL TREASURY	**871,945,153**	**910,284,400**

GENERAL GOVERNMENT

	REVENUE $	ESTIMATES $
GRANTS		
Investment		
Surplus - Agencies and Crown Corporations	40,189	-
Total Grants	**40,189**	-
GOVERNMENT INSURANCE PROGRAM		
Insurance Policies		
Fees and Services		
Insurance Premiums	34,931	-
Insurance Recoveries	24,515	-
Miscellaneous	-	24,400
Total Government Insurance Program	**59,446**	**24,400**
TOTAL GENERAL GOVERNMENT	**99,635**	**24,400**

PUBLIC SERVICE COMMISSION

	REVENUE $	ESTIMATES $
LEARNING AND DEVELOPMENT		
Learning Centre		
Fees and Services		
Miscellaneous	19,250	6,000
	19,250	6,000
Employee Assistance Programs		
Fees and Services		
Miscellaneous	60,400	60,000
Sales		
Miscellaneous	550	-
	60,950	60,000
Occupational Health and Safety		
Fees and Services		
Miscellaneous	15,000	15,000
	15,000	15,000
Language Training		
Federal		
French Services Agreement	100,000	96,000
Sales		
Miscellaneous	177,691	145,600
	277,691	241,600
Total Learning and Development	**372,891**	**322,600**
STAFFING AND HUMAN RESOURCES PLANNING		
Fees and Services		
FOIP Fees	13	-
Miscellaneous	506,300	506,300
Total Staffing and Human Resources Planning	**506,313**	**506,300**
CORPORATE SERVICES, SYSTEMS & ADMINISTRATION		
Employee Benefits		
Fees and Services		
Recoverable Pension Cost	221,759	230,300
Total Corporate Services, Systems & Administration	**221,759**	**230,300**
TOTAL PUBLIC SERVICE COMMISSION	**1,100,963**	**1,059,200**

TOURISM PEI

	REVENUE $	ESTIMATES $
TOURISM DEVELOPMENT		
Visitor Services		
Fees and Services		
Sign Advertising Fees	131,605	115,000
Sales		
Royalty Fees VIC	21,585	15,000
	153,190	130,000
French Services		
Federal		
French Services Agreement	61,880	61,900
	61,880	61,900
Total Tourism Development	**215,070**	**191,900**
PARKS		
Brookvale		
Fees and Services		
Membership	21,117	16,000
Rentals	73,253	45,000
Fees - Brookvale Ski Park	132,405	149,000
Self Insurance	13,278	-
Entry Way	14,440	-
Miscellaneous	235	-
Sales		
Concessions	11,374	10,000
	266,102	220,000
Parks Operations		
Fees and Services		
Park Fees	61,996	67,700
Campground Fees	790,679	775,400
Golf Course Rentals	18,976	10,000
Fees - Broo	8,999	-
Miscellaneous	2,392	-
Sales		
Vending Machines	21,261	20,000
Concessions	20,169	15,000
Miscellaneous	37,600	36,300
	962,072	924,400
Total Parks	**1,228,174**	**1,144,400**
CORPORATE		
Sales		
Miscellaneous	469	-
Total Corporate	**469**	-
TOTAL TOURISM PEI	**1,443,713**	**1,336,300**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

	REVENUE $	ESTIMATES $
HIGHWAY SAFETY AND INFORMATION TECHNOLOGY		
Highway Safety - Administration		
Federal		
National Safety Code	197,448	201,900
Licenses and Permits		
Fish and Game Licenses	1,592	-
Motor Vehicle Licenses & Permits	11,807,170	11,327,100
Sales		
Miscellaneous	5,500	-
	12,011,710	11,529,000
Registration & Licensing		
Licenses and Permits		
Motor Vehicle Licenses and Permits	110	-
	110	-
Total Highway Safety Operations	**12,011,820**	**11,529,000**
HIGHWAY MAINTENANCE OPERATIONS		
Maintenance Administration - Western Region		
Fees and Services		
Miscellaneous	2,820	125,000
	2,820	125,000
Maintenance Administration - Central Region		
Fees and Services		
Miscellaneous	-	150,000
Sales		
Miscellaneous	29	-
	29	150,000
Maintenance Administration - Eastern Region		
Fees and Services		
Miscellaneous	-	125,000
	-	125,000
Summer Maintenance - Central Region		
Fees and Services		
Miscellaneous	270	-
Sales		
Miscellaneous	211	1,000
	481	1,000
Winter Maintenance - Western Region		
Fees and Services		
Miscellaneous	45,414	87,300
	45,414	87,300

TRANSPORTATION AND PUBLIC WORKS continued

	REVENUE $	ESTIMATES $
Winter Maintenance - Central Region		
Fees and Services		
Miscellaneous	135,944	105,600
	135,944	105,600
Winter Maintenance - Eastern Region		
Fees & Services		
Miscellaneous	2,833	-
	2,833	-
Mechanical - Charlottetown Garage - Direct		
Sales		
Miscellaneous	4,600	-
	4,600	-
Mechanical - Charlottetown Garage - Indirect		
Fees and Services		
Professional Services	-	15,000
	-	15,000
Bridge Maintenance - Operations		
Sales		
Miscellaneous	775	1,000
	775	1,000
Total Highway Maintenance Operations	**192,896**	**609,900**
PUBLIC WORKS AND PLANNING		
Public Works Operations - Administration		
Sales		
Miscellaneous	1,427	7,400
	1,427	7,400
Building Maintenance Direct - Province House		
Fees and Services		
Public Building Rental	63,898	60,800
	63,898	60,800
Building Maintenance Direct - West Prince RSC		
Fees and Services		
Public Building Rental	24,186	29,000
Membership	2,418	
	26,604	29,000
Building Maintenance Direct - Small Buildings		
Fees and Services		
Public Building Rental	35,781	17,400
	35,781	17,400
Building Accommodations - Small Lease Accommodations		
Fees and Services		
Public Building Rental	-	8,000
	-	8,000

TRANSPORTATION AND PUBLIC WORKS continued

	REVENUE $	ESTIMATES $
Building Accommodations - Evangeline RSC		
Fees and Services		
Public Building Rental	6,003	5,100
	6,003	5,100
Queens Region Health Auth, Ellis Bros.		
Fees & Services		
Public Building Rental	37,032	-
	37,032	
Building Accommodations - Access PEI - Summerside		
Fees and Services		
Public Building Rental	231,427	48,000
	231,427	48,000
SRDC 109 Water St		
Fees & Services		
Miscellaneous	-	220,000
	-	220,000
Properties - Properties		
Fees and Services		
Tax Certificate Fee	150	-
Public Land Rentals	125,407	115,000
	125,557	115,000
Building Construction		
Sales		
Miscellaneous	165	-
	165	-
Director's Office		
Fees and Services		
Miscellaneous	1,900	-
	1,900	-
Total Public Works and Planning	**529,794**	**510,700**
CAPITAL PROJECT DIVISION		
Traffic Operations - Sign Shop		
Sales		
Miscellaneous	23,387	1,000
	23,387	1,000
Operations		
Sales		
Miscellaneous	293	-
	293	-
Total Capital Project Division	**23,680**	**1,000**

TRANSPORTATION AND PUBLIC WORKS continued

	REVENUE $	ESTIMATES $
CAPITAL		
Highways - Culverts		
Fees & Services		
Public Land Rentals	150	-
Miscellaneous	6,722	150,000
Sales		
Miscellaneous	53,388	5,000
	60,260	155,000
Highways - Reconstruction		
Federal		
Miscellaneous	-	25,000
Fees & Services		
Miscellaneous	173,951	-
Sales		
Miscellaneous	1,635	-
	175,586	25,000
Total Capital	**235,846**	**180,000**
TOTAL TRANSPORTATION AND PUBLIC WORKS	**12,994,036**	**12,830,600**

INVESTMENT

	REVENUE $	ESTIMATES $
Interest		
Federal Lending Program	7,658	7,700
Community Development Fund	66,506	68,300
PEI Lending Authority	8,753,201	9,562,100
PEI Housing Authority	1,391,987	1,406,200
PEI Business Development Inc	1,235,935	1,602,000
CADC	512,161	512,200
PEI Liquor Control Commission	337,832	312,000
Bank Accounts	1,085,573	200,000
Urban Services	41,084	41,100
PEI Energy Corporation	124,873	-
Golf PEI	510,352	500,600
Computer loan Progra,	17,973	5,000
Island Waste Management	131,574	92,700
TOTAL INVESTMENT INCOME	**14,216,709**	**14,309,900**

Details

Of

Ordinary Expenditures With Estimates

For the Year Ended March 31, 2004

DEPARTMENT OF AGRICULTURE, FISHERIES, AQUACULTURE AND FORESTRY

	EXPENDITURES $	ESTIMATES $
CORPORATE AND FINANCIAL SERVICES		
Finance and Administration		
Administration	47,708	61,000
Equipment	5,871	2,400
Materials, Supplies & Services	35,746	28,800
Professional & Contract Services	32,688	5,000
Salaries	731,355	778,200
Travel & Training	84,621	117,200
	937,989	992,600
Communications		
Administration	26,129	17,000
Equipment	-	900
Materials, Supplies & Services	32,388	38,200
Professional & Contract Services	3,410	9,000
Salaries	107,137	106,100
Travel & Training	4,431	4,600
Grants		
Miscellaneous	500	
	173,995	175,800
Information Technology		
Administration	9,995	6,900
Equipment	6,154	3,200
Materials, Supplies & Services	25,682	29,600
Professional & Contract Services	250	-
Salaries	448,954	400,700
Travel & Training	10,544	14,200
	501,579	454,600
Farm Income Risk Management		
Administration	31,305	18,900
Equipment	15,385	7,900
Materials, Supplies & Services	29,018	7,600
Professional & Contract Services	8,272	3,200
Salaries	840,409	700,200
Travel & Training	127,366	106,100
Grants		
Crop Insurance Fund	1,583,858	1,800,000
Net Income Stabilization Account	1,713,768	1,600,000
ARIF Industry Development	200,000	-
Can Farm	2,339,557	6,228,800
Miscellaneous	-	-
	6,888,938	10,472,700
Total Corporate and Financial Services	**8,502,501**	**12,095,700**

AGRICULTURE, FISHERIES, AQUACULTURE & FORESTRY Continued

	EXPENDITURES $	ESTIMATES $
STRATEGIC PLANNING AND MEASUREMENT		
Division Management		
Administration	738	3,500
Equipment	1,950	
Materials, Supplies & Services	1,631	2,500
Professional & Contract Services	135,645	136,200
Salaries	290,816	330,500
Travel & Training	10,827	18,700
Total Strategic Planning and Measurement	**441,607**	**491,400**
FORESTRY AND LAND RESOURCE MODELING		
Division Management		
Administration	30,516	33,000
Equipment	889	1,300
Materials, Supplies & Services	11,765	15,000
Professional & Contract Services	4,332	700
Salaries	335,384	373,600
Travel & Training	16,973	33,300
Grants		
Miscellaneous	38,222	45,800
	438,081	502,700
Forest Fire Protection		
Administration	11,186	7,000
Equipment	381	2,700
Materials, Supplies & Services	3,987	11,400
Professional & Contract Services	8,960	9,000
Salaries	85,866	84,500
Travel & Training	54,168	62,800
Grants		
Forest Fire Truck Maintenance	3,200	6,400
	167,748	183,800
Production Development		
Administration	39,395	34,300
Equipment	10,420	10,500
Materials, Supplies & Services	191,827	208,200
Professional & Contract Services	5,369	10,000
Salaries	642,473	638,500
Travel & Training	16,273	16,000
	905,757	917,500
Provincial Forests Program		
Administration	41,568	51,000
Equipment	10,663	21,700
Materials, Supplies & Services	74,912	62,100
Professional & Contract Services	110,673	135,900
Salaries	1,208,008	1,241,100
Travel & Training	94,423	94,500
	1,540,247	1,606,300

AGRICULTURE, FISHERIES, AQUACULTURE & FORESTRY

Continue

	EXPENDITURES $	ESTIMATES $
Private Land Program		
Administration	7,589	4,900
Equipment	3,349	2,600
Materials, Supplies & Services	4,273	7,900
Professional & Contract Services	550	1,000
Salaries	539,887	548,600
Travel & Training	83,214	84,300
Grants		
Miscellaneous	500	-
Woodlot Owners	958,573	830,400
	1,597,935	1,479,700
Resource Inventory and Modeling		
Administration	6,190	6,900
Equipment	12,078	29,000
Materials, Supplies & Services	5,583	12,300
Professional & Contract Services	45,271	50,400
Salaries	467,862	447,000
Travel & Training	35,900	35,200
	572,884	580,800
Forest Environment		
Administration	250	2,500
Equipment	27,403	2,000
Materials, Supplies & Services	59,493	206,500
Professional & Contract Services	45,126	117,500
Salaries	57,211	82,000
Travel and Training	3,091	13,000
Grants		
Miscellaneous	424	19,000
	192,998	442,500
Total Forestry and Land Resource Modelling	**5,415,650**	**5,713,300**
AGRICULTURE RESOURCE DIVISION		
Division Management		
Administration	83,135	77,400
Equipment	5,137	3,100
Materials, Supplies & Services	11,404	10,700
Professional & Contract Services	33,634	27,000
Salaries	291,596	242,600
Travel & Training	10,459	3,400
Grants		
Miscellaneous	5,617	-
	440,982	364,200

AGRICULTURE, FISHERIES, AQUACULTURE & FORESTRY

Continued

	EXPENDITURES $	ESTIMATES $
Food Strategy		
Administration	10,447	10,300
Equipment	1,261	3,200
Materials, Supplies & Services	1,384	7,000
Professional & Contract Services	1,321,155	573,600
Salaries	401,931	351,500
Travel & Training	10,554	13,200
Grants		
Miscellaneous	87,076	171,700
	1,833,808	1,130,500
Exhibitions		
Administration	7,200	7,700
Materials	704	900
Trainning and Travel	150	-
Grants		
Miscellaneous	126,552	121,300
Association of Exhibitions	93,900	71,700
	228,506	201,600
I.E. Analytical Laboratories - Soil and Feed Lab		
Administration	14,101	7,100
Equipment	3,798	7,400
Materials, Supplies and Services	169,578	134,600
Professional and Contract Services	19,059	24,100
Salaries	371,214	355,800
Travel and Training	6,486	6,000
	584,236	535,000
Plant Health and Diagnostics Program		
Administration	4,072	3,100
Equipment	17,251	5,400
Materials, Supplies & Services	49,871	77,600
Professional & Contract Services	430	8,200
Salaries	322,192	294,800
Travel & Training	8,322	9,600
	402,138	398,700
Dairy Lab		
Administration	7,946	6,900
Equipment	665	6,000
Materials, Supplies & Services	124,280	117,700
Professional & Contract Services	7,625	9,000
Salaries	245,967	267,000
Travel & Training	8,615	8,200
	395,098	414,800

AGRICULTURE, FISHERIES, AQUACULTURE & FORESTRY

Continued

	EXPENDITURES $	ESTIMATES $
Farm Extension Services		
Administration	40,564	39,700
Equipment	15,479	5,900
Materials, Supplies & Services	28,687	21,700
Professional & Contract Services	980,924	24,000
Salaries	1,403,359	1,475,300
Travel & Training	131,595	123,400
Grants		
Beef Development Program	334,679	373,500
Interest		500,000
Miscellaneous	5,633,216	1,000,000
	8,568,503	3,563,500
Sustainable Agriculture Resources		
Administration	16,035	15,900
Equipment	61,194	17,900
Materials, Supplies & Services	25,444	27,600
Professional & Contract Services	120,118	228,200
Salaries	609,516	575,300
Travel & Training	54,912	42,200
Grants		
Miscellaneous	49,346	45,500
SRCP Program	1,699,646	1,475,000
	2,636,211	2,427,600
Total Agriculture Resource Division	**15,089,482**	**9,035,900**
AGRICULTURE POLICY AND REGULATORY DIVISION		
Division Management / Industry Development		
Administration	21,967	12,400
Debt	1,000,000	-
Equipment	3,554	400
Materials, Supplies & Services	1,122	1,600
Professional & Contract Services	642,006	491,600
Salaries	320,359	432,900
Travel & Training	31,648	31,600
Grants		
Maritime Provinces Harness Racing Commission	84,981	85,000
Administration SQIP Assistance	27,400	27,400
Horse Development Program	224,967	140,000
Assistance to Out-of-Province Exhibitors	6,472	5,000
Grants to Commodity Boards	32,000	32,000
Marketing Assistance - Transportation	12,546	20,000
PEI Artificial Breeders Association	60,000	60,000
Farm Organization Policy	65,955	63,000
Matinee Racetrack Assistance	13,690	10,000
Bull Testing - Napan	9,000	9,400
Swine Quality Improvement Program	459,550	464,500
Interest support program	327,962	687,800
Miscellaneous	1,153,569	213,100
	4,498,748	2,787,700

AGRICULTURE, FISHERIES, AQUACULTURE & FORESTRY

Continued

	EXPENDITURES $	ESTIMATES $
4-H Program		
Administration	4,881	4,700
Equipment	-	400
Materials, Supplies and Services	2,117	1,400
Salaries	122,712	114,200
Travel & Training	6,559	11,100
Grants		
4-H Program	155,200	155,200
	291,469	287,000
Women's Institute		
Administration	996	1,300
Equipment	854	100
Materials, Supplies & Services	793	3,500
Salaries	82,455	84,100
Travel & Training	1,061	1,400
Grants		
Program Assistance - WI	22,700	22,700
	108,859	113,100
School Milk Program		
Salaries	26,991	43,800
Travel & Training	1,638	1,600
Grants		
School Milk Program	63,000	63,000
	91,629	108,400
Marketing Council		
Administration	942	500
Equipment	70	
Materials, Supplies & Services	498	600
Professional & Contract Services	42,667	12,000
Salaries	15,775	13,200
Travel & Training	5,987	13,600
	65,939	39,900
Plant Health Regulatory Program		
Administration	26,715	24,600
Equipment	3,376	2,900
Materials, Supplies & Services	31,279	30,000
Professional & Contract Services	381,369	56,700
Salaries	647,002	561,200
Travel & Training	130,282	92,800
	1,220,023	768,200
Regulatory Services		
Administration	5,379	2,900
Equipment	580	1,000
Materials, Supplies & Services	4,116	6,000
Professional & Contract Services	88,735	155,200
Salaries	346,050	294,500
Travel & Training	54,938	41,700
	499,798	501,300
Total Agriculture Policy and Regulatory Division	**6,776,465**	**4,605,600**

AGRICULTURE, FISHERIES, AQUACULTURE & FORESTRY Continued

	EXPENDITURES $	ESTIMATES $
FISHERIES AND AQUACULTURE		
Division Management		
Administration	24,918	24,500
Equipment	3,997	-
Materials, Supplies & Services	14,144	2,800
Professional & Contract Services	102,073	14,000
Salaries	205,034	225,500
Travel & Training	12,085	16,100
Grants		
Fisheries Organization Funding	126,050	147,400
Miscellaneous	300,000	300,000
	788,301	730,300
Services		
Administration	6,621	3,500
Equipment	2,201	4,900
Materials, Supplies & Services	80,061	77,300
Professional & Contract Services	7,859	6,000
Salaries	167,127	168,900
Travel & Training	29,553	28,600
Grants		
Travel Grant for Fisherman	2,900	1,500
Miscellaneous	32,000	40,000
	328,322	330,700
Marine Fisheries		
Administration	4,327	3,700
Equipment	1,182	1,300
Materials, Supplies & Services	3,769	8,000
Professional & Contract Services	57,725	72,500
Salaries	180,309	192,300
Travel & Training	27,553	30,700
Grants		
Test Production	27,500	60,400
Fisherman Tech Advancement	5,750	6,400
Miscellaneous	2,400	-
	310,515	375,300

AGRICULTURE, FISHERIES, AQUACULTURE & FORESTRY

Continued

	EXPENDITURES $	ESTIMATES $
Aquaculture		
Administration	8,043	6,000
Equipment	15,095	21,100
Materials, Supplies & Services	38,141	47,800
Professional & Contract Services	85,072	39,300
Salaries	458,234	460,100
Travel & Training	90,686	57,500
Grants		
Aquaculture Diversification Program	21,506	100,000
Aquaculture Technology Program	10,000	35,000
Shellfish Enhancement	129,968	80,000
Aquaculture Futures Fund	65,030	80,000
Shellfish/Aquaculture Leasing Program	143,831	143,600
Miscellaneous	11,372	-
	1,076,978	1,070,400
Total Fisheries and Aquaculture	**2,504,116**	**2,506,700**
TOTAL AGRICULTURE, FISHERIES, AQUACULTURE AND FORESTRY	**38,729,821**	**34,448,600**

P.E.I. GRAIN ELEVATORS CORPORATION

	EXPENDITURES $	ESTIMATES $
P.E.I. GRAIN ELEVATORS CORPORATION		
Grants		
Operating Grant	165,000	165,000
Total P.E.I. Grain Elevators Corporation	**165,000**	**165,000**

OFFICE OF THE ATTORNEY GENERAL

	EXPENDITURES $	ESTIMATES $
ADMINISTRATION		
Administration		
Administration	6,768	5,400
Equipment	1,705	1,500
Materials, Supplies & Service	2,317	4,600
Professional & Contract Services	38,742	26,000
Salaries	165,010	151,100
Travel	6,128	10,000
Grants		
Miscellaneous	110,000	50,000
Total Administration	**330,670**	**248,600**
JUSTICE POLICY		
Constitutional Review/Native Council		
Administration	416	-
Materials, Supplies & Service	281	-
Grants		
Native Council	139,594	142,400
Miscellaneous	250	
	140,541	142,400
Justice/Correction Policy		
Administration	8,310	5,300
Equipment	1,725	-
Materials, Supplies & Services	95	1,200
Professional & Contract Services	63,449	50,500
Salaries	165,100	185,000
Travel & Training	9,226	8,500
	247,905	250,500
Human Rights Commission		
Grants		
Human Rights Commission	318,200	318,200
	318,200	318,200
Total Justice Policy	**706,646**	**711,100**
LEGAL AND JUDICIAL SERVICES		
Administration		
Administration	22,599	21,100
Equipment	7,613	1,000
Materials, Supplies & Services	56,825	20,300
Professional & Contract Services	250,777	157,000
Salaries	827,655	992,200
Travel & Training	11,528	18,400
Grants		
National Judicial Institute	1,922	2,300
Uniform Law Conference	4,000	2,600
Canadian Association of Provincial	-	1,700
Canadian Association of Chiefs of Police	1,000	1,000
PEI Chiefs of Police Association	1,000	400
	1,184,919	1,218,000

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENDITURES $	ESTIMATES $
Judicial Services		
Administration	126,563	87,400
Equipment	16,500	13,900
Materials, Supplies & Services	136,775	75,300
Professional & Contract Services	176,149	138,000
Salaries	1,775,964	1,686,800
Travel & Training	21,334	27,900
	2,253,285	2,029,300
Sheriff's Office		
Administration	16,348	11,600
Equipment	2,801	2,500
Materials, Supplies & Services	7,085	2,100
Professional & Contract Services	1,244	-
Salaries	595,245	516,900
Travel & Training	22,262	18,500
	644,985	551,600
Legislation		
Administration	15,597	3,000
Equipment	1,898	-
Materials, Supplies & Services	3,296	3,400
Salaries	380,797	442,800
Travel & Training	7,183	2,000
	408,771	451,200
Legal Aid		
Administration	17,698	17,400
Equipment	2,373	-
Materials, Supplies & Services	8,891	6,800
Professional & Contract Services	208,391	154,800
Salaries	497,454	493,600
Travel & Training	17,306	10,500
	752,113	683,100
Coroner's Inquests		
Administration	2,760	3,200
Equipment	55	
Materials, Supplies & Services	94	-
Professional & Contract Services	314,265	280,300
Salaries	1,815	-
Travel & Training	2,670	3,500
	321,659	287,000
Provincial Court Judges		
Administration	-	-
Equipment	194	5,000
Professional & Contract Services	1,725	-
Salaries	507,536	557,000
Travel & Training	23,667	10,500
	533,122	572,500

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENDITURES $	ESTIMATES $
Courthouse Automation Project		
Administration	-	11,300
Equipment	-	16,000
Materials, Supplies & Services	-	1,400
Professional & Contract Services	-	303,500
Travel & Training	-	2,400
	-	334,600
Family Law		
Administration	11,282	32,000
Equipment	8,230	6,500
Materials, Supplies & Services	169,520	115,100
Professional & Contract Services	191,795	60,800
Salaries	225,501	203,400
Travel & Training	8,624	-
	614,952	417,800
Total Legal and Judicial Services	**6,713,806**	**6,545,100**
CONSUMER, CORPORATE AND INSURANCE		
Corporate Services		
Administration	29,424	16,800
Equipment	3,215	2,000
Materials, Supplies & Services	17,595	14,500
Professional & Contract Services	28,637	45,000
Salaries	520,520	572,500
Travel & Training	17,245	15,200
	616,636	666,000
Consumer Services		
Administration	7,000	8,700
Equipment	2,660	3,000
Materials, Supplies & Services	695	5,400
Salaries	142,995	186,500
Travel & Training	4,483	7,100
	157,833	210,700
Insurance Services		
Salaries	340,674	300,200
Travel & Training	2,471	7,000
	343,145	307,200
Gun Control		
Administration	13,424	14,100
Equipment	-	5,000
Materials, Supplies & Services	4,440	8,500
Professional & Contract Services	357	36,000
Salaries	152,922	152,800
Travel & Training	4,551	10,000
	175,694	226,400
Total Consumer, Corporate and Insurance	**1,293,308**	**1,410,300**

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENDITURES $	ESTIMATES $
CROWN ATTORNEY		
Administration		
Administration	25,743	36,200
Equipment	2,909	7,000
Materials, Supplies & Services	23,036	25,100
Professional & Contract Services	63,885	32,000
Salaries	811,649	913,900
Travel & Training	26,439	32,600
Total Crown Attorney	**953,661**	**1,046,800**
COMMUNITY AND CORRECTIONAL SERVICES		
Division Management		
Administration	44,532	27,100
Equipment	12,429	16,400
Materials, Supplies & Services	15,390	18,800
Professional & Contract Services	18,879	55,000
Salaries	817,775	610,600
Travel & Training	76,223	63,500
	985,228	791,400
Provincial Correctional Centre		
Administration	34,384	27,500
Equipment	67,748	8,400
Materials, Supplies & Services	334,055	213,200
Professional & Contract Services	23,768	9,100
Salaries	3,746,567	3,683,300
Travel & Training	34,476	21,900
	4,240,998	3,963,400
Prince County Correctional Centre		
Administration	9,193	6,800
Equipment	9,999	4,000
Materials, Supplies & Services	35,322	50,400
Professional & Contract Services	5,604	3,600
Salaries	635,107	599,200
Travel & Training	8,273	5,900
	703,498	669,900
Probation/Family Counselling		
Administration	37,705	24,400
Equipment	12,769	5,800
Materials, Supplies & Services	5,970	8,900
Professional & Contract Services	51,840	13,500
Salaries	1,098,079	1,144,500
Travel & Training	55,529	45,900
	1,261,892	1,243,000

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENDITURES $	ESTIMATES $
Community Custody Program		
Administration	14,105	15,100
Equipment	6,466	5,900
Materials, Supplies & Services	5,266	15,000
Professional & Contract Services	48,001	71,500
Salaries	327,631	329,000
Travel & Training	50,081	43,600
	451,550	480,100
Tyne Valley Youth Centre		
Administration	1,881	6,900
Equipment	6,120	1,100
Materials, Supplies & Services	1,252	23,800
Professional & Contract Services	-	4,800
Salaries	396,660	599,100
Travel & Training	26,018	15,900
	431,931	651,600
Georgetown Youth Centre		
Administration	14,666	10,400
Equipment	9,439	3,200
Materials, Supplies & Services	34,305	37,800
Professional & Contract Services	2,349	4,800
Salaries	551,066	697,100
Travel & Training	28,427	19,900
	640,252	773,200
Summerside Youth Centre		
Administration	39,760	32,100
Equipment	17,415	10,900
Materials, Supplies & Services	149,702	157,500
Professional & Contract Services	39,782	17,700
Salaries	2,174,923	2,520,200
Travel & Training	52,498	48,400
	2,474,080	2,786,800
Victim Services		
Administration	11,276	7,900
Equipment	8,568	800
Materials, Supplies & Services	3,237	3,500
Professional & Contract Services	392	500
Salaries	364,057	363,200
Travel & Training	16,360	11,700
Grants		
Victim Services	102,322	100,000
	506,212	487,600

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENDITURES $	ESTIMATES $
Justice Program Resource Center		
Administration	8,926	8,700
Equipment	9,069	2,200
Materials, Supplies & Services	17,930	5,600
Professional Contracts	4,073	1,500
Salaries	407,661	441,000
Travel & Training	18,650	13,900
	466,309	472,900
Total Community and Correctional Services	**12,161,950**	**12,319,900**
ACCESS AND PRIVACY SERVICES		
Administration	6,542	18,000
Materials, Supplies & Services	1,387	6,300
Salaries	139,943	138,100
Travel & Training	5,966	12,500
Total Access and Privacy Services	**153,838**	**174,900**
PROVINCIAL POLICING SERVICES		
Administration	4,174	-
Professional & Contract Services	9,593,215	9,568,400
Travel and Training	351	-
Total Provincial Policing Services	**9,597,740**	**9,568,400**
TOTAL OFFICE OF THE ATTORNEY GENERAL	**31,911,619**	**32,025,100**

AUDITOR GENERAL

	EXPENDITURES $	ESTIMATES $
ADMINISTRATION		
Administration	25,669	28,000
Equipment	15,851	8,500
Materials, Supplies & Services	12,521	10,200
Professional & Contract Services	21,630	32,500
Salaries	1,019,999	1,146,500
Travel & Training	19,956	33,000
Grants		
Comprehensive Auditing Foundation	11,915	12,600
TOTAL AUDITOR GENERAL	**1,127,541**	**1,271,300**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

	EXPENDITURES $	ESTIMATES $
POLICY AND ADMINISTRATION		
Administration		
Administration	236,807	186,500
Equipment	3,041	6,500
Materials, Supplies & Services	81,887	107,700
Professional & Contract Services	94,735	105,100
Salaries	693,025	710,500
Travel & Training	16,470	33,500
Grants		
Miscellaneous	17,260	-
	1,143,225	1,149,800
Infrastructure		
Administration	9	
Equipment	6,106	-
Materials, Supplies & Services	727	-
Travel & Training	2,760	-
Grants		
Infrastructure Program	5,352,799	5,753,200
	5,362,401	5,753,200
Information Technology		
Administration	443	-
Equipment	52,890	55,000
Materials, Supplies & Services	59	
Salaries	296,846	285,300
Travel & Training	21,111	33,800
	371,349	374,100
Fathers of Confederation		
Grants		
Fathers of Confederation	2,400,000	1,100,000
Total Policy and Administration	**9,276,975**	**8,377,100**
PLANNING AND INSPECTION SERVICES		
Administration		
Administration	24,329	13,100
Equipment	11,297	-
Materials, Supplies & Services	13,509	8,800
Salaries	436,644	347,600
Travel & Training	7,646	5,000
	493,425	374,500
Provincial Planning		
Professional & Contract Services	11,159	
Salaries	146,484	281,700
Travel & Training	12,462	4,400
	170,105	286,100

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENDITURES $	ESTIMATES $
Fire Marshal		
Salaries	176,028	177,500
Travel & Training	24,980	16,000
Grants		
Fire Fighting Assistance	2,994	6,600
PEI Association of Community M	28	
Workers Compensation Claims	76,493	72,600
Training Program for Firemen	8,500	8,500
Miscellaneous	25,000	25,000
	314,023	306,200
Building and Development		
Salaries	512,113	534,300
Travel & Training	30,451	27,500
	542,564	561,800
Emergency Measures		
Administration	1,489	3,000
Equipment	4,377	-
Materials, Supplies & Services	2,818	100
Salaries	87,907	59,500
Travel & Training	4,840	3,000
Grants		
Disaster Relief	1,132,442	-
	1,233,873	65,600
Joint Emergency Preparedness Projects		
Administration	12,884	10,200
Equipment	4,069	800
Materials, Supplies & Services	1,355	1,300
Professional & Contract Services	5,000	9,200
Salaries	152,953	157,600
Travel & Training	10,303	10,200
	186,564	189,300
Electrical Inspection		
Administration	40	-
Salaries	197,742	197,000
Travel & Training	31,671	30,400
	229,453	227,400
Boiler and Plumbing Inspection		
Salaries	300,621	304,700
Travel & Training	40,160	38,500
	340,781	343,200
Municipal Affairs		
Administration	80	100
Professional & Contract Services	20,000	20,000
Salaries	150,997	164,400
Travel & Training	5,524	2,500
Grants		
Federation of PEI Municipalities	43,000	43,000
Municipal Equalization Grants	2,040,000	2,040,000
Debt Retirement	121,076	128,900
Municipal Training Support	-	2,400
	2,380,677	2,401,300

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENDITURES $	ESTIMATES $
911 Project		
Administration	9,152	16,800
Equipment	11,592	2,300
Materials, Supplies & Services	2,634	25,700
Professional & Contract Services	219,600	224,600
Salaries	215,666	235,900
Travel & Training	5,637	10,100
	464,281	515,400
Total Planning and Inspection Services	**6,355,746**	**5,270,800**
LABOUR AND INDUSTRIAL RELATIONS		
Administration		
Administration	4,791	4,900
Equipment	4,719	4,000
Materials, Supplies & Services	7,140	5,400
Professional & Contract Services	19,886	-
Salaries	221,894	231,800
Travel & Training	9,028	4,200
	267,458	250,300
Labour Relations Board		
Administration	2,937	5,300
Materials, Supplies & Services	5,171	3,800
Professional & Contract Services	46,175	59,600
Salaries	112,260	97,200
Travel & Training	4,300	3,500
	170,843	169,400
Industrial Relations		
Administration	3,601	2,300
Materials, Supplies & Services	2,152	1,900
Travel & Training	1,526	1,300
	7,279	5,500
Employment Standards		
Administration	2,298	1,200
Materials, Supplies & Services	1,239	900
Professional & Contract Services	240	1,300
Salaries	67,638	72,100
Travel & Training	3,438	4,300
	74,853	79,800
Industrial Relations Council		
Administration	-	400
Salaries	-	4,700
Travel & Training	-	900
	-	6,000
Total Labour and Industrial Relations	**520,433**	**511,000**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENDITURES $	ESTIMATES $
PROVINCIAL LIBRARIES		
Library Headquarters and Technical Services		
Administration	4,322	6,400
Equipment	27,010	1,000
Materials, Supplies & Services	73,155	56,600
Professional & Contract Services	910	-
Salaries	326,031	321,900
Travel & Training	14,909	8,800
	446,337	394,700
Confederation Centre Public Library		
Administration	6,065	14,300
Materials, Supplies & Services	127,964	146,500
Professional & Contract Services	9,145	10,000
Salaries	621,486	605,600
Travel & Training	2,711	3,300
	767,371	779,700
French Library Services		
Equipment	386	800
Materials, Supplies & Services	35,431	66,500
Professional & Contract Services	1,870	1,000
Salaries	289,873	279,200
Travel & Training	5,386	4,700
	332,946	352,200
Branch Libraries		
Materials, Supplies & Services	60,662	75,500
Salaries	493,590	535,400
Travel & Training	4,019	5,000
	558,271	615,900
Total Provincial Libraries	**2,104,925**	**2,142,500**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENDITURES $	ESTIMATES $
CULTURE AND HERITAGE		
Culture and Heritage		
Administration	1,877	3,200
Equipment	1,260	500
Materials, Supplies & Services	2,485	1,400
Professional & Contract Services	4,541	15,000
Salaries	221,586	244,900
Travel & Training	9,921	12,600
Grants		
Cultural Development Program	107,108	104,400
Acadian Development	124,738	110,500
Heritage Archaeology	6,587	8,000
PEI Council of the Arts	252,000	250,500
PEI Rural Beautification Society	5,000	5,000
Carrefour Development Program	496,200	496,200
Cultural Industries Support	4,800	5,000
Regional Arts Council Grants	30,000	36,000
PEI Association of Community Museums	40,000	40,000
Miscellaneous	380,656	308,600
	1,688,759	1,641,800
Public Archives and Records Office		
Administration	2,501	2,000
Equipment	1,170	2,100
Materials, Supplies & Services	13,843	13,000
Salaries	254,385	277,800
Travel & Training	2,800	2,300
	274,699	297,200
Total Culture and Heritage	**1,963,458**	**1,939,000**
P.E.I MUSEUM AND HERITAGE FOUNDATION		
General		
Salaries	772,571	778,800
Grants		
Miscellaneous	-	350,000
Total P.E.I Museum and Heritage Foundation	**772,571**	**1,128,800**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENDITURES $	ESTIMATES $
RECREATION AND SPORT		
Recreation and Sports		
Administration	1,542	2,200
Equipment	2,846	500
Materials, Supplies & Services	2,303	1,400
Salaries	367,510	411,600
Travel	21,223	19,000
Grants		
Sports Hall of Fame	4,500	4,500
Sport PEI	168,139	115,500
Best Ever	117,300	64,300
Community recreation Support Program	304,980	307,000
Sports Organization Assistance	451,515	165,000
Recreation & Sports Assoc. for the Physically Disabled	-	36,600
Miscellaneous	1,653,895	1,121,400
	3,095,753	2,249,000
Sports Strategy		
Grants		
Sport PEI	-	70,000
Best Ever Program	-	70,000
Community Recreational Support	-	52,000
Sports Organization Assistance	-	208,000
Miscellaneous	-	75,000
	-	475,000
Total Recreation and Sport	**3,095,753**	**2,724,000**
TOTAL COMMUNITY AND CULTURAL AFFAIRS	**24,089,861**	**22,093,200**

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

	EXPENDITURES $	ESTIMATES $
DEPARTMENTAL MANAGEMENT		
Administration		
Administration	56,018	43,500
Equipment	6,255	-
Materials, Supplies & Services	42,685	32,800
Professional & Contract Services	17,411	10,800
Salaries	559,927	532,300
Travel & Training	17,653	30,300
	699,949	649,700
Policy and planning		
Administration	4,238	1,000
Equipment	492	-
Materials, Supplies & Services	1,176	3,500
Professional & Contract Services	43,258	29,000
Salaries	215,171	221,400
Travel & Training	7,618	11,600
	271,953	266,500
Communications		
Materials, Supplies & Services	24,449	-
	24,449	-
Total Departmental Management	**996,351**	**916,200**
SINGLE WINDOW SERVICE		
Government Home Page		
Administration	3,288	5,600
Equipment	18,311	4,500
Materials, Supplies & Services	9,836	7,100
Professional & Contract Services	47,116	73,800
Salaries	356,918	359,100
Travel & Training	9,756	9,800
	445,225	459,900
Summerside Access PEI		
Administration	69,066	91,600
Equipment	2,793	1,800
Materials, Supplies & Services	21,860	13,900
Salaries	421,798	430,000
Travel & Training	7,511	14,500
	523,028	551,800
Souris Access PEI		
Administration	40,852	48,100
Equipment	517	200
Materials, Supplies & Services	8,215	6,400
Salaries	202,369	187,000
Travel & Training	6,959	10,800
	258,912	252,500

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

Continued

	EXPENDITURES $	ESTIMATES $
West Prince RSC		
Administration	51,882	54,000
Equipment	1,145	1,800
Materials, Supplies & Services	8,013	8,100
Salaries	156,783	155,700
Travel & Training	3,224	6,000
	221,047	225,600
Southern Kings and Queens RSC		
Administration	52,298	58,500
Equipment	403	900
Materials, Supplies & Services	8,424	5,400
Salaries	306,237	253,800
Travel & Training	3,021	7,700
	370,383	326,300
Evangeline RSC		
Administration	12,101	14,200
Equipment	575	2,700
Materials, Supplies & Services	5,031	6,300
Salaries	142,676	119,600
Travel & Training	2,203	3,300
	162,586	146,100
Tignish and Area Government Services Centre		
Administration	4,387	6,100
Equipment	1,129	1,400
Materials, Supplies & Services	1,295	1,900
Salaries	66,019	45,200
Travel & Training	2,134	2,600
	74,964	57,200
Morell Access PEI		
Administration	2,123	4,600
Materials, Supplies & Services	57	-
Salaries	41,161	20,200
Travel & Training	1,585	1,300
	44,926	26,100
Alberton Access PEI		
Administration	4,048	3,000
Equipment	-	300
Materials, Supplies & Services	79	200
Salaries	40,270	40,400
Travel & Training	2,219	1,600
	46,616	45,500

Continued

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

	EXPENDITURES $	ESTIMATES $
Riverside Access PEI		
Administration	16,969	17,800
Equipment	4,759	2,400
Materials, Supplies & Services	27,801	29,800
Salaries	413,173	481,000
Travel & Training	31,523	8,200
	494,225	539,200
Crapaud Access PEI		
Administration	4,315	6,500
Equipment	140	400
Materials, Supplies & Services	63	1,700
Salaries	40,483	34,600
Travel & Training	18	800
	45,019	44,000
North Rustico Access PEI		
Administration	5,344	5,600
Debt	475	-
Equipment	-	1,000
Materials, Supplies & Services	418	400
Salaries	17,783	19,300
Travel & Training	1,159	700
	25,179	27,000
Stratford Access PEI		
Administration	12,538	11,400
Equipment	23	2,700
Materials, Supplies & Services	6,108	7,200
Salaries	129,108	106,100
Travel & Training	1,469	2,600
	149,246	130,000
Kinkora Access PEI		
Administration	10,203	6,400
Equipment	-	500
Materials, Supplies & Services	777	1,500
Salaries	-	5,500
Travel & Training	-	400
	10,980	14,300
Total Single Window Service	**2,872,335**	**2,845,500**

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

Continued

	EXPENDITURES $	ESTIMATES $
COMMUNITY AND LABOUR MARKET DEVELOPMENT		
Administration	4,513	2,700
Equipment	387	-
Materials, Supplies & Services	964	1,400
Professional & Contract Services	3,091	7,000
Salaries	607,907	665,100
Travel & Training	41,180	42,700
Grants		
Community Development	1,357,396	500,000
Adult Basic Education	100,000	100,000
Strategic Opportunities	273,509	250,000
Community Capacity	31,799	50,000
Total Community and Labour Market Development	**2,420,746**	**1,618,900**
INFRASTRUCTURE SUPPORT		
Infrastructure Support		
Materials, Supplies & Services	210	-
Professional & Contract Services	3,748	-
Salaries	62,360	59,500
Travel & Training	2,368	1,700
Grants		
Economic Development Leadership Agreement	973,306	1,907,000
Total Infrastructure Support	**1,041,992**	**1,968,200**
TOTAL DEVELOPMENT AND TECHNOLOGY	**7,331,425**	**7,348,800**

PEI BUSINESS DEVELOPMENT INC

	EXPENDITURES $	ESTIMATES $
PEI BUSINESS DEVELOPMENT INC		
Grants		
PEI Business Development Inc	28,427,100	28,427,100
	28,427,100	**28,427,100**
TOTAL PEI BUSINESS DEVELOPMENT INC	**28,427,100**	**28,427,100**

EMPLOYMENT DEVELOPMENT AGENCY

	EXPENDITURES $	ESTIMATES $
MANAGEMENT		
Administration	12,809	12,700
Equipment	8,345	8,700
Materials, Supplies & Services	5,743	8,600
Salaries	465,048	358,500
Travel & Training	9,446	14,700
Total Management	**501,391**	**403,200**
JOB CREATION AND PLACEMENT		
Special Projects/Job creation		
Professional & Contract Services	23,025	120,000
Salaries	160,913	151,600
Grants		
Community Job Creation Projects	3,178,440	1,420,900
Training Program for Firemen	6,790	24,500
Private Sector	79,299	102,700
Total Job Creation and Placement	**3,448,467**	**1,819,700**
JOBS FOR YOUTH		
Private and Non-Profit		
Grants		
Work for Youth - Private Sector	162,661	178,600
Work for Youth - Non-Profit Sector	626,644	445,000
	789,305	623,600
Public Sector		
Salaries	411,908	429,000
Total Jobs for Youth	**1,201,213**	**1,052,600**
TOTAL EMPLOYMENT DEVELOPMENT AGENCY	**5,151,071**	**3,275,500**

DEPARTMENT OF EDUCATION

	EXPENDITURES $	ESTIMATES $
POLICY, PLANNING AND EVALUATION		
General		
Administration	2,013	2,000
Equipment	115	-
Materials, Supplies & Services	2,654	1,900
Professional & Contract Services	10,689	-
Salaries	259,567	277,400
Travel & Training	4,895	10,200
	279,933	291,500
Assessment and Evaluation		
Administration	7,057	3,500
Materials, Supplies & Services	-	5,500
Professional & Contract Services	1,830	7,000
Salaries	55,484	97,600
Travel & Training	84	3,500
	64,455	117,100
Total Policy, Planning and Evaluation	**344,388**	**408,600**
FINANCE AND SCHOOL BOARD OPERATIONS		
Administration		
Administration	218,678	137,500
Equipment	25,060	18,800
Materials, Supplies & Services	91,563	107,700
Professional & Contract Services	3,363	-
Salaries	937,975	988,900
Travel & Training	54,714	69,600
Grants		
PEI Federation of Home and School	30,000	27,600
Miscellaneous	38,019	47,200
	1,399,372	1,397,300
Provincial Learning Materials Distribution Centre		
Administration	5	-
Materials, Supplies & Services	1,239,028	1,219,800
Salaries	114,638	105,200
Travel & Training	3,207	2,500
	1,356,878	1,327,500

DEPARTMENT OF EDUCATION

Continued

	EXPENDITURES $	ESTIMATES $
Grants to School Boards		
Salaries	116,676,244	115,222,400
Grants		
School Unit Administration	3,376,933	2,437,000
School Unit Maintenance	5,822,307	6,366,200
School Unit Transportation	2,096,115	1,906,100
School Unit Program	1,936,058	1,946,400
School Construction Costs	10,187,762	8,097,000
School Unit Capital	965,556	1,003,300
School Unit Bus Purchases	1,204,002	1,202,500
Miscellaneous	33	-
	142,265,010	138,180,900
Total Finance and School Board Operation	**145,021,260**	**140,905,700**
TECHNOLOGY IN LEARNING		
Systems and Technology Services		
Administration	736,196	644,300
Equipment	204,134	160,800
Materials, Supplies & Services	44,605	38,700
Professional & Contract Services	506,866	548,500
Salaries	1,252,102	1,520,700
Travel & Training	84,797	47,100
	2,828,700	2,960,100
Technology in Education		
Administration	11,263	1,000
Equipment	87,867	-
Materials, Supplies & Services	1,355	96,000
Professional & Contract Services	20,529	21,000
Salaries	672,445	566,000
Travel & Training	15,962	23,800
Grants		
Miscellaneous	262,723	264,600
	1,072,144	972,400
Total Technology in Learning	**3,900,844**	**3,932,500**
BRANCH ADMINISTRATION AND KINDERGARTEN		
Administration		
Administration	2,681	2,900
Materials, Supplies & Services	12,992	10,200
Professional & Contract Services	2,000	6,000
Salaries	136,819	134,800
Travel & Training	6,537	8,200
Grants		
Miscellaneous	700	-
	161,729	162,100

DEPARTMENT OF EDUCATION

Continued

	EXPENDITURES $	ESTIMATES $
Kindergarten		
Administration	1,869	10,000
Materials, Supplies & Services	3,115	277,500
Professional & Contract Services	4,423	16,700
Salaries	238,326	235,300
Travel & Training	13,761	7,200
Grants		
Miscellaneous	2,695,803	2,746,700
	2,957,297	3,293,400
Total Branch Adminisitration and Kindergarten	**3,119,026**	**3,455,500**
ENGLISH PROGRAMS		
Human Resource Development		
Administration	42,494	15,500
Materials, Supplies & Services	5,386	11,000
Professional & Contract Services	30,377	43,500
Salaries	109,892	157,400
Travel & Training	2,625	4,300
Grants		
Teachers Federation In Service Projects	36,835	48,000
	227,609	279,700
Programs - General		
Administration	23,975	20,500
Equipment	133	-
Materials, Supplies & Services	28,449	34,500
Professional & Contract Services	19,081	30,700
Salaries	204,585	267,600
Travel & Training	2,248	5,200
Grants		
Regional COOP in Education - Choices	-	26,300
Pre-School Funding	420	-
Miscellaneous	95,200	98,000
	374,091	482,800
Elementary Programs		
Administration	25,809	6,000
Equipment	1,223	4,200
Materials, Supplies & Services	42,288	101,300
Professional & Contract Services	73,356	144,500
Salaries	708,692	928,100
Travel & Training	26,938	18,200
Grants		
Minority & Second Language	84	-
	878,390	1,202,300

DEPARTMENT OF EDUCATION

Continued

	EXPENDITURES $	ESTIMATES $
Secondary Programs		
Administration	13,730	8,000
Equipment	2,843	4,100
Materials, Supplies & Services	91,281	101,100
Professional & Contract Services	33,066	50,200
Salaries	628,855	774,100
Travel & Training	13,104	21,500
Grants		
Miscellaneous	14	-
	782,893	959,000
Total English Programs	**2,262,983**	**2,923,800**
FRENCH PROGRAMS		
General		
Administration	10,579	9,700
Materials, Supplies & Services	265,667	287,800
Professional & Contract Services	43,643	51,300
Salaries	679,124	774,100
Travel & Training	25,685	27,000
Grants		
Minority and Second Language	183,802	231,500
Charlottetown Driving Park	99	-
Total French Programs	**1,208,599**	**1,381,400**
STUDENT SERVICES		
General		
Administration	28,830	3,700
Equipment	4,013	9,600
Materials, Supplies & Services	90,409	51,100
Professional & Contract Services	31,293	59,200
Salaries	1,181,809	1,310,000
Travel & Training	73,592	44,000
Grants		
Resource Centres - APSEA	759,507	758,400
Pre-School Funding	33,051	37,900
Safe Graduation Program	5,550	5,600
Special Projects	-	2,800
Allied Youth	1,000	64,800
Other Youth	-	2,400
Miscellaneous	45,965	31,700
Total Student Services	2,255,019	2,381,200

DEPARTMENT OF EDUCATION

Continued

	EXPENDITURES $	ESTIMATES $
CONTINUING EDUCATION AND TRAINING		
General		
Administration	24,994	32,900
Equipment	6,920	3,900
Materials, Supplies & Services	5,651	10,500
Professional & Contract Services	33,016	4,500
Salaries	862,077	884,500
Travel & Training	28,034	19,800
Grants		
School Union	265	-
	960,957	956,100
Apprenticeship and Training		
Administration	5,717	1,800
Equipment	940	-
Materials, Supplies & Services	1,804	1,300
Professional & Contract Services	53,189	34,800
Salaries	254,308	233,800
Travel & Training	31,163	13,600
Grants		
Miscellaneous	39,103	50,000
Apprenticeship Training Allowances	4,200	2,500
	390,424	337,800
Post Secondary Grants		
Debt	1,678,200	-
Grants		
Education	135,557	150,000
College L'Acadie	300,750	300,800
Student Assistance	3,407,400	3,933,000
MPHEC	37,948,881	37,313,400
Atlantic Region Vet College	6,383,084	6,480,500
Atlantic Police Academy	450,000	450,000
Community Schools	43,100	43,100
Labour Market Development	5,541,399	4,552,000
Adult Night Classes	124,200	124,200
Miscellaneous	18,000	15,000
Technical Student Assistance	244,000	244,000
Adult Basic Education	100,000	100,000
Industry Incentives	100,000	100,000
	56,474,571	53,806,000
Total Continuing Education and Training	**57,825,952**	**55,099,900**
TOTAL DEPARTMENT OF EDUCATION	**215,938,071**	**210,488,600**

ISLAND REGULATORY AND APPEALS COMMISSION

	EXPENDITURES $	ESTIMATES $
GENERAL		
Grants		
Operating Grant	1,131,879	1,065,100
TOTAL ISLAND REGULATORY AND APPEALS COMMISSION	**1,131,879**	**1,065,100**

DEPARTMENT OF ENVIRONMENT AND ENERGY

	EXPENDITURES $	ESTIMATES $
DEPARTMENT MANAGEMENT		
Administration	4,306	8,900
Equipment	1,496	-
Materials, Supplies & Services	4,029	3,000
Professional & Contract Services	33,986	2,000
Salaries	299,796	254,400
Travel & Training	7,303	26,700
Grants		
C.C.R.E.M	4,965	5,000
Miscellaneous	9,500	10,000
Total Department Management	**365,381**	**310,000**
POLLUTION PREVENTION		
Administration		
Administration	21,163	21,100
Equipment	4,414	1,300
Materials, Supplies & Services	1,805	3,000
Salaries	151,015	122,700
Travel & Training	6,292	13,000
	184,689	161,100
Air and Hazardous Materials		
Administration	3,793	2,100
Equipment	23,066	31,500
Materials, Supplies & Services	19,518	34,800
Professional & Contract Services	53,883	120,200
Salaries	391,282	403,800
Travel & Training	61,962	51,500
Grants		
Miscellaneous	18,500	3,500
	572,004	647,400
Environmental Industries		
Administration	1,252	4,100
Equipment	1,885	2,100
Materials, Supplies & Services	10,749	23,000
Professional & Contract Services	148,931	6,500
Salaries	80,605	133,300
Travel & Training	5,205	19,800
Grants		
Miscellaneous	24,793	36,000
	273,420	224,800

DEPARTMENT OF ENVIRONMENT AND ENERGY

Continued

	EXPENDITURES $	ESTIMATES $
Environmental Assessment		
Administration	3,545	600
Equipment	3,011	1,200
Materials, Supplies & Services	652	2,000
Professional & Contract Services	440	10,000
Salaries	163,644	180,300
Travel & Training	35,258	23,800
	206,550	217,900
Pesticide Control		
Administration	14,829	5,500
Equipment	1,550	1,900
Materials, Supplies & Services	10,601	4,500
Professional & Contract Services	14,674	106,000
Salaries	182,575	170,500
Travel & Training	34,838	32,000
	259,067	320,400
Total Pollution Prevention	**1,495,730**	**1,571,600**
WATER MANAGEMENT		
Administration		
Administration	39,507	17,400
Equipment	1,869	3,300
Materials, Supplies & Services	33,256	16,100
Professional & Contract Services	37,505	29,600
Salaries	200,137	203,600
Travel & Training	4,268	3,700
	316,542	273,700
Watershed Management		
Administration	124	900
Equipment	2,916	-
Materials, Supplies & Services	4,419	4,800
Salaries	241,181	247,200
Travel & Training	34,493	23,200
	283,133	276,100
Groundwater		
Administration	3,331	17,500
Equipment	7,365	5,300
Materials, Supplies & Services	29,943	31,900
Professional & Contract Services	7,636	16,900
Salaries	458,839	532,900
Travel & Training	46,550	64,700
	553,664	669,200

DEPARTMENT OF ENVIRONMENT AND ENERGY

Continued

	EXPENDITURES $	ESTIMATES $
PEI Analytical Laboratories - Microbiology		
Administration	2,318	3,500
Equipment	21,386	19,900
Materials, Supplies & Services	67,218	86,000
Professional & Contract Services	38,744	20,600
Salaries	308,573	370,500
Travel & Training	4,310	2,800
	442,549	503,300
PEI Analytical Laboratories - Chemistry		
Administration	1,723	1,000
Equipment	8,646	4,500
Materials, Supplies & Services	31,924	34,800
Professional & Contract Services	7,203	10,400
Salaries	100,808	103,700
Travel & Training	507	600
	150,811	155,000
Shellfish Program		
Administration	693	-
Materials, Supplies & Services	5,374	11,500
Salaries	62,592	59,200
Travel & Training	5,513	10,600
	74,172	81,300
Watershed Management Program		
Administration	3,077	8,700
Equipment	2,334	2,500
Materials, Supplies & Services	1,920	8,300
Salaries	189,849	221,600
Travel & Training	26,159	34,400
Grants		
Miscellaneous	135,958	150,000
	359,297	425,500
Pesticide Monitoring Program		
Administration	14	-
Materials, Supplies & Services	783	3,000
Professional & Contract Services	82,489	91,800
	83,286	94,800
Total Water Management	**2,263,454**	**2,478,900**

DEPARTMENT OF ENVIRONMENT AND ENERGY

Continued

	EXPENDITURES $	ESTIMATES $	
CONSERVATION AND MANAGEMENT			
Administration			
Administration	45,241	45,100	
Equipment	13,181	3,700	
Materials, Supplies & Services	44,716	28,800	
Professional & Contract Services	288,545	132,000	
Salaries	610,545	630,500	
Travel & Training	94,990	75,900	
Grants			
Wildlife Conservation	125,244	144,400	
	1,222,462	1,060,400	
Wetland Management			
Administration	97	-	
Professional & Contract Services	74,617	91,000	
	74,714	91,000	
Investigation and Enforcement			
Administration	22,259	19,000	
Equipment	2,743	2,200	
Materials, Supplies & Services	10,422	11,800	
Professional & Contract Services	187	1,000	
Salaries	451,721	440,800	
Travel & Training	181,000	96,900	
	668,332	571,700	
Total Conservation and Management	**1,965,508**	**1,723,100**	
ADMINISTRATION			
General			
Administration	31,914	43,400	
Equipment	32,778	7,800	
Materials, Supplies & Services	11,855	16,000	
Professional & Contract Services	16,200	8,200	
Salaries	390,218	401,200	
Travel & Training	3,230	9,400	
	486,195	486,000	
Energy Development			
Salaries	26,610	-	166
	26,610	-	
Total Administration	**512,805**	**486,000**	

DEPARTMENT OF ENVIRONMENT AND ENERGY

Continued

	EXPENDITURES $	ESTIMATES $
CORPORATE SERVICES		
Administration	8,790	8,800
Equipment	830	-
Materials, Supplies & Services	890	3,000
Professional & Contract Services	5,000	-
Salaries	151,938	148,300
Travel & Training	11,095	11,700
Total Corporate Services	**178,543**	**171,800**
TOTAL ENVIRONMENT AND ENERGY	**6,781,421**	**6,741,400**

P.E.I. ENERGY CORPORATION

	EXPENDITURES $	ESTIMATES $
OPERATIONS		
Grants		
Operating Grant	673,600	673,600
TOTAL P.E.I. ENERGY CORPORATION	**673,600**	**673,600**

EXECUTIVE COUNCIL

	EXPENDITURES $	ESTIMATES $
PREMIER'S OFFICE		
Administration	32,834	27,000
Equipment	945	1,700
Materials, Supplies and Services	3,106	6,000
Salaries	537,305	539,500
Travel & Training	66,070	51,000
Total Premier's Office	**640,260**	**625,200**
EXECUTIVE COUNCIL OFFICE		
Administration	22,785	25,000
Equipment	5,485	6,300
Materials, Supplies and Services	4,281	7,300
Salaries	1,016,493	1,058,700
Travel & Training	7,647	17,700
Total Executive Council Office	**1,056,691**	**1,115,000**
PLANNING AND RESEARCH		
Contract Services		
Professional & Contract Services	98,224	165,100
Total Planning and Research	**98,224**	**165,100**
INTERGOVERNMENTAL AFFAIRS		
Intergovernmental affairs		
Professional & Contract Services	83,788	100,000
Salaries	289,783	282,400
Travel & Training	61,009	48,700
Grants		
Canadian Intergovernmental Conference S	15,500	13,800
Total Intergovernmental Affairs	**450,080**	**444,900**
ACADIAN AND FRANCOPHONE AFFAIRS		
Acadian and Francophone Affairs		
Administration	13,188	9,900
Equipment	5,154	1,800
Materials, Supplies & Services	2,554	13,600
Professional & Contract Services	110,620	82,400
Salaries	382,664	420,000
Travel & Training	27,171	19,500
Grants		
Miscellaneous	206,890	15,500
	748,241	562,700

EXECUTIVE COUNCIL

continued

	EXPENDITURES $	ESTIMATES $
Acadian Communities Advisory Council		
Administration	2,413	2,700
Materials, Supplies & Services	3,470	700
Salaries	3,021	6,300
Travel & Training	1,485	2,700
	10,389	12,400
Total Acadian and Francophone Affairs	**758,630**	**575,100**
ELECTORAL REFORM COMMISSION		
Special Projects Executive Council		
Administration	2,000	6,400
Equipment	2,054	2,000
Materials, Supplies & Services	8,431	22,600
Professional & Contract Services	7,750	7,300
Salaries	22,944	48,400
Travel and Training	942	13,300
Total Electoral Reform Commission	**44,121**	**100,000**
ELECTORAL BOUNDARIES COMMISSION		
Electoral Boundaries		
Administration	458	-
Materials, Supplies & Services	6,940	-
Professional & Contract Services	5,376	-
Salaries	4,810	-
Travel & Training	1,277	-
Total Electoral Boundaries Commission	**18,861**	-
TOTAL EXECUTIVE COUNCIL	**3,066,867**	**3,025,300**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

	EXPENDITURES $	ESTIMATES $
CORPORATE SERVICES		
Deputy Minister's Office		
Administration	19,770	22,200
Equipment	-	1,400
Materials, Supplies & Services	2,388	5,000
Professional & Contract Services	2,221	800
Salaries	283,597	275,400
Travel & Training	21,223	20,800
	329,199	325,600
General Office		
Administration	15,866	14,900
Equipment	-	200
Materials, Supplies & Services	4,242	4,600
Professional & Contract Services	12,872	1,600
Salaries	358,264	373,400
Travel & Training	7,414	12,100
	398,658	406,800
Partnerships and Strategic Planning		
Administration	18,629	21,200
Equipment	891	10,400
Materials, Supplies & Services	3,045	25,500
Professional & Contract Services	31,152	57,100
Salaries	363,310	482,100
Travel & Training	3,402	18,600
	420,429	614,900
Human Resource Management		
Administration	5,991	11,600
Materials, Supplies & Services	14,912	11,100
Professional & Contract Services	5,746	59,000
Salaries	270,349	291,600
Travel & Training	15,215	25,900
Grants		
Miscellaneous	1,284,295	1,200,300
	1,596,508	1,599,500
Total Corporate Services	**2,744,794**	**2,946,800**
OFFICE OF THE CHIEF HEALTH OFFICER		
General		
Administration	9,145	9,400
Equipment	9,396	-
Materials, Supplies & Services	270,635	339,900
Professional & Contract Services	50,604	26,300
Salaries	376,516	350,800
Travel & Training	10,564	12,000
Total Office of the Chief Health Officer	**726,860**	**738,400**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENDITURES $	ESTIMATES $
MEDICAL PROGRAMS		
General Office		
Administration	7,204	6,500
Equipment	1,949	1,800
Materials, Supplies & Services	5,116	2,000
Salaries	221,244	222,800
Travel & Training	19,464	27,300
Grants		
Canadian Blood Agency	2,133,939	1,801,000
Miscellaneous	11,540	12,200
	2,400,456	2,073,600
Medicare Services		
Administration	22,384	24,100
Equipment	1,421	1,800
Materials, Supplies & Services	3,381	6,000
Professional & Contract Services	49,968,614	49,529,000
Salaries	349,600	351,600
Travel	1,296	7,400
	50,346,696	49,919,900
Physician Services		
Administration	10,360	15,300
Equipment	145	400
Materials, Supplies & Services	2,254	1,500
Professional & Contract Services	23,847,592	21,479,100
Salaries	371,296	339,600
Travel & Training	5,238	9,900
Grants		
Residency Training	3,385,982	2,910,900
Atlantic Research Council	54,476	28,800
Miscellaneous	250	700
	27,677,593	24,786,200
Physician Recruitment and Training		
Administration	14,703	7,300
Equipment	600	1,600
Materials, Supplies & Services	6,663	16,000
Professional & Contract Services	70,176	54,200
Salaries	238,454	239,000
Travel & Training	9,992	26,300
Grants		
Residency	131,070	90,000
Miscellaneous	1,093,823	967,200
	1,565,481	1,401,600

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENDITURES $	ESTIMATES $
Primary Care Redesign		
Administration	141,419	194,700
Equipment	10,927	122,400
Materials, Supplies & Services	160,649	321,300
Professional & Contract Services	186,313	320,200
Salaries	1,367,744	1,989,700
Travel & Training	41,282	67,200
Grants		
Grants-Miscellaneous	-	8,000
Miscellaneous	516,945	1,230,800
	2,425,279	4,254,300
Technology Assement		
Administration	1,553	2,800
Materials, Supplies & Services	268,960	247,500
Salaries	164,139	189,800
Travel & Training	2,250	1,500
Grants		
Miscellaneous	101,696	30,600
	538,598	472,200
Total Medical Programs	**84,954,103**	**82,907,800**
FINANCE AND ADMINISTRATION		
General Office		
Administration	6,681	3,500
Materials, Supplies & Services	449	1,000
Salaries	195,894	195,400
Travel & Training	344	4,700
	203,368	204,600
Financial Services		
Administration	557,499	416,800
Debt	4,398,078	4,480,000
Equipment	930	-
Materials, Supplies & Services	212,246	86,000
Professional & Contract Services	322,500	411,000
Salaries	431,421	601,500
Travel & Training	16,147	18,600
Grants		
Gertrude-Cotton Trust	4,300	4,000
Comprehensive Home Repair Programs	561,096	400,000
Education Bursaries	435,000	220,000
Private Nursing Home	-	536,500
Hospital Capital Equipment Grant	1,690,000	1,700,000
	8,629,217	8,874,400

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENDITURES $	ESTIMATES $
Financial Planning		
Administration	6,603	17,300
Materials, Supplies & Services	239	1,000
Professional & Contract Services	5,593	5,000
Salaries	347,442	394,800
Travel & Training	11,280	20,200
	371,157	438,300
Total Finance and Administration	**9,203,742**	**9,617,300**
HEALTH INFORMATICS		
Information Resources		
Administration	8,438	8,000
Materials, Supplies & Services	8,841	16,000
Salaries	467,885	504,500
Travel & Training	3,438	4,200
	488,602	532,700
Implementation and Support		
Administration	17,906	14,900
Equipment	1,817	400
Materials, Supplies & Services	-	600
Salaries	1,248,133	1,411,300
Travel	12,526	8,600
	1,280,382	1,435,800
Island Health Information System Project		
Administration	18,832	47,600
Equipment	1,546,183	832,900
Materials, Supplies & Services	811,234	1,658,700
Professional & Contract Services	915,127	3,188,900
Salaries	215,327	106,700
Travel	74,979	203,200
	3,581,682	6,038,000
Information Technology Management		
Administration	4,749	4,800
Equipment	34	4,500
Materials, Supplies & Services	2,238	11,500
Professional & Contract Services	45,711	75,000
Salaries	132,872	135,700
Travel	10,474	14,000
Grants		
Miscellaneous	23,030	-
	219,108	245,500

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENDITURES $	ESTIMATES $
ISM / PACS Projects		
Administration	51,306	39,400
Equipment	292,666	488,200
Materials, Supplies & Services	145,218	20,300
Professional & Contract Services	420,875	472,600
Salaries	316,860	255,800
Travel	7,143	13,100
	1,234,068	1,289,400
Operations		
Salaries	-	67,400
	-	67,400
Total Health Informatics	**6,803,842**	**9,608,800**
HEALTH POLICY DEVELOPMENT		
Epidemiology Unit		
Administration	4,083	2,900
Equipment	6,568	2,700
Materials, Supplies & Services	1,980	3,600
Professional & Contract Services	20,420	3,300
Salaries	221,527	291,800
Travel & Training	4,293	10,600
Grants		
Miscellaneous	289,084	125,000
	547,955	439,900
General Office		
Administration	3,990	7,500
Equipment	682	1,400
Materials, Supplies & Services	839	8,000
Professional & Contract Services	35,460	40,200
Salaries	145,922	208,900
Travel	3,322	14,800
Grants		
Miscellaneous	2,405	6,000
	192,620	286,800
Reproductive Care Program		
Administration	4,319	5,100
Equipment	963	900
Materials, Supplies & Services	5,288	7,800
Professional & Contract Services	10,240	15,500
Salaries	118,854	150,200
Travel	3,288	6,100
	142,952	185,600

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENDITURES $	ESTIMATES $
Public Health Policy		
Administration	13,563	20,400
Equipment	4,119	200
Materials, Supplies & Services	60,832	62,300
Professional & Contract Services	58,367	41,000
Salaries	371,653	379,400
Travel	29,588	54,800
Grants		
Miscellaneous	211,592	397,500
	749,714	955,600
Continuing Care		
Administration	7,029	6,500
Equipment	17,751	15,300
Materials, Supplies & Services	822,938	897,000
Professional & Contract Services	33,087	40,000
Salaries	207,105	301,800
Travel & Training	40,364	40,800
Grants		
Miscellaneous	48,423	45,000
	1,176,697	1,346,400
Total Health Policy Development	**2,809,938**	**3,214,300**
SOCIAL POLICY DEVELOPMENT		
General Office		
Administration	7,495	9,200
Equipment	1,338	600
Materials, Supplies & Services	11,844	7,300
Professional & Contract Services	77,734	177,000
Salaries	448,025	458,500
Travel & Training	21,094	21,000
Grants		
Grants-Regional Services	-	10,200
Canadian Mental Health Association	150,300	146,600
PEI Rape & Sexual Assualt	157,800	184,100
Transition House	453,800	427,500
Canadian Mental Health Association		128,600
Canadian Mental Health Association	166,600	159,600
Canadian Mental Health Association	571,700	429,200
NGO's General	-	67,600
Miscellaneous	283,200	200,000
	2,350,930	2,427,000

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENDITURES $	ESTIMATES $
Child Welfare		
Administration	25,201	64,100
Equipment	-	1,300
Materials, Supplies & Services	6,029	1,000
Professional & Contract Services	433,262	30,000
Salaries	403,757	384,900
Travel & Training	18,255	17,100
Grants		
Federation of Foster Families	39,862	38,200
Children-In-Care Special Allowance	86,894	600,000
	1,013,260	1,136,600
Community Services		
Administration	14,710	9,700
Equipment	715	-
Materials, Supplies & Services	2,626	3,500
Professional & Contract Services	26,439	61,000
Salaries	294,019	241,400
Travel & Training	23,977	14,400
Grants		
Day Care Centers Maintenance G	250,657	310,000
Day Care Centers Special Needs	1,153,446	815,800
Early Childhood Development Association	87,614	8,500
Miscellaneous	384,551	330300
	2,238,754	1,794,600
Income Security		
Administration	29,314	29,500
Equipment	3,649	5,400
Materials, Supplies & Services	6,431	10,600
Professional & Contract Services	107,810	342,100
Salaries	768,787	856,000
Travel & Training	51,884	66,600
Grants		
Catholic Family Services Bureau	58,700	58,700
PEI Association For Community	41,600	41,600
PEI Education Coalition	8,800	8,800
Canadian Institute for	68,000	68,000
PEI Council of the Disabled	81,600	81,600
Employability Assistance	26,607	-
Severely Disturbed Children	-	12,700
Professional Services Association	2,200	2,200
Miscellaneous	237,447	678,900
	1,492,829	2,262,700
Total Social Policy Development	**7,095,773**	**7,620,900**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENDITURES $	ESTIMATES $
REGULATORY SERVICES		
Vital Statistics		
Administration	8,904	9,600
Equipment	1,515	1,800
Materials, Supplies & Services	4,557	5,000
Professional & Contract Services	2,555	4,500
Salaries	249,643	235,800
Travel & Training	6,993	3,300
	274,167	260,000
Environmental Health		
Administration	16,313	12,000
Equipment	2,910	8,100
Materials, Supplies & Services	6,685	10,200
Professional & Contract Services	28,608	42,000
Salaries	367,086	371,300
Travel	43,096	35,700
	464,698	479,300
General Office		
Administration	5,517	9,000
Equipment	1,099	400
Materials, Supplies & Services	1,946	4,700
Professional & Contract Services	1,045	10,000
Salaries	363,200	393,100
Travel & Training	14,806	19,600
	387,613	**436,800**
Total Regulatory Services	**1,126,478**	**1,176,100**
CANCER TREATMENT / MRI SERVICES		
General Office		
Professional & Contract Services	20,531	-
Grants		
Grants - Regional Services	2,152,269	2,796,000
Hospital Capital Equipment Gra	101,899	790,100
Grants-Miscellaneous	149,093	-
Total Cancer Treatment / MRI Services	**2,423,792**	**3,586,100**
PROVINCIAL HEALTH SERVICES AUTHORITY		
General PHSA		
Grants		
Regional Services	12,684,100	12,608,300
Prince County Hospital	27,053,100	26,840,100
Queen Elizabeth Hospital	77,187,800	72,300,700
Total Provincial Health Services Authority	**116,925,000**	**111,749,100**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENDITURES $	ESTIMATES $
REGIONALLY DELIVERED SERVICES		
In Province Acute Care Hospital		
Grants		
Western Hospital	3,651,100	3,596,100
O'Leary Community Hospital	3,720,600	3,665,600
Stewart Memorial Hospital	1,728,000	1,700,000
Kings County Memorial Hospital	4,869,000	4,793,000
Souris Hospital	3,734,500	3,677,500
	17,703,200	17,432,200
Regional Services		
Grants		
Regional Services	165,564,002	163,794,100
Total Regionally Delivered Services	**183,267,202**	**181,226,300**
TOTAL HEALTH AND SOCIAL SERVICES	**418,081,524**	**414,891,900**

EAST PRINCE HEALTH FACILITY

	EXPENDITURES $	ESTIMATES $
EAST PRINCE HEALTH FACILITY		
Administration	293,149	316,500
Equipment	257,973	-
Materials, Supplies & Services	627	3,500
Professional & Contract Services	1,011,269	725,000
Salaries	256,411	150,000
Travel & Training	-	5,000
Grants		
Miscellaneous	5,445,393	5,300,000
TOTAL EAST PRINCE HEALTH FACILITY	**7,264,822**	**6,500,000**

LEGISLATIVE ASSEMBLY

	EXPENDITURES $	ESTIMATES $
LEGISLATIVE SERVICES		
Administration	106,733	119,500
Equipment	20,403	72,900
Materials, Supplies and Services	49,687	38,400
Professional & Contract Services	54,908	51,000
Salaries	971,410	986,400
Travel & Training	22,538	15,200
Grants		
Opposition Members Office	63,300	63,300
Commonwealth Parliamentary Association	21,873	16,000
Government Members Office	70,400	70,400
Total Legislative Services	**1,381,252**	**1,433,100**
MEMBERS		
Administration	41	-
Professional & Contract Services	1,444	-
Salaries	1,446,168	1,497,100
Travel & Training	99,835	108,400
Total Members	**1,547,488**	**1,605,500**
OFFICE OF THE CONFLICT OF INTEREST COMMISSIONER		
Professional & Contract Services	2,354	20,000
Salaries	20,154	-
Travel & Training	-	3,200
Total Office of the Conflict of Interest Commissioner	**22,508**	**23,200**
OFFICE OF THE INFORMATION AND PRIVACY COMMISSIONER		
Administration	3,116	4,900
Equipment	1,171	0
Materails, Supplies & Services	955	1,600
Professional & Contract Services	10,433	1,000
Salaries	60,801	53,500
Travel & Training	3,729	5,000
Total Office of the Information & Privacy Commissioner	**80,205**	**66,000**

LEGISLATIVE ASSEMBLY

Continued

	EXPENDITURES $	ESTIMATES $
ELECTIONS		
General		
Administration	4,243	5,000
Equipment	7,814	2,300
Materials, Supplies and Services	11,087	2,500
Professional & Contract Services	1,175	2,000
Salaries	410,811	173,900
Travel & Training	2,100	4,000
	437,230	189,700
Election Expenses		
Administration	19,886	-
Equipment	10,449	-
Materials, Supplies and Services	48,986	-
Professional & Contract Services	640,891	-
Travel & Training	3,614	-
	723,826	-
Total Elections	**1,161,056**	**189,700**
TOTAL LEGISLATIVE ASSEMBLY	**4,192,509**	**3,317,500**

DEPARTMENT OF THE PROVINCIAL TREASURY

	EXPENDITURES $	ESTIMATES $
ADMINISTRATION		
General		
Administration	21,246	21,700
Equipment	5,836	5,700
Materials, Supplies & Services	2,288	2,900
Professional & Contract Services	-	4,800
Salaries	386,921	464,200
Travel & Training	68,658	63,300
Total Administration	**484,949**	**562,600**
FISCAL MANAGEMENT		
General		
Administration	52,378	43,100
Equipment	15,707	11,400
Materials, Supplies & Services	5,126	30,900
Professional & Contract Services	119,110	116,300
Salaries	701,342	777,500
Travel & Training	30,850	41,800
Total Fiscal Management	**924,513**	**1,021,000**
POLICY AND EVALUATION		
General		
Administration	4,846	5,100
Equipment	2,342	900
Materials, Supplies & Services	336	1,900
Salaries	271,878	271,900
Travel & Training	1,752	6,600
	281,154	286,400
Risk Management and Insurance		
Administration	5,863	4,700
Equipment	33	800
Materials, Supplies & Services	1,027	800
Professional & Contract Services	38,000	43,800
Salaries	203,281	208,200
Travel & Training	4,066	5,300
	252,270	263,600
Total Policy and Evaluation	**533,424**	**550,000**

DEPARTMENT OF THE PROVINCIAL TREASURY

Continued

	EXPENDITURES $	ESTIMATES $
TAXATION AND PROPERTY RECORDS		
Administration		
Administration	32,438	27,900
Debt	956,400	1,065,000
Materials, Supplies & Services	10,246	12,200
Salaries	323,576	330,600
Travel & Training	12,151	11,100
	1,334,811	1,446,800
Tax Audit, Collection and Inspection Services		
Salaries	1,001,315	1,206,900
Travel & Training	70,197	84,900
	1,071,512	1,291,800
Tax Administration and Client Services		
Administration	166,667	150,500
Equipment	14,920	16,200
Materials, Supplies & Services	56,471	65,800
Professional & Contract Services	-	96,500
Salaries	1,231,069	1,372,700
Travel & Training	7,868	7,300
	1,476,995	1,709,000
Geomatices Info Centre		
Equipment	40,501	20,000
Materials, Supplies & Services	5,602	4,200
Professional & Contract Services	295,963	232,100
Salaries	458,406	438,700
Travel & Training	8,349	14,900
	808,821	709,900
Property Assessment Services		
Equipment	-	-
Materials, Supplies & Services	5,620	4,000
Professional & Contract Services	-	-
Salaries	968,437	973,300
Travel & Training	61,463	64,700
	1,035,520	1,042,000
Total Taxation and Property Records	**5,727,659**	**6,199,500**
OFFICE OF THE COMPTROLLER		
Accounting		
Administration	31,801	33,800
Equipment	4,181	16,700
Materials, Supplies & Services	384,793	364,200
Professional & Contract Services	-	15,000
Salaries	714,287	758,300
Travel & Training	7,195	12,800
	1,142,257	1,200,800

DEPARTMENT OF THE PROVINCIAL TREASURY

Continued

	EXPENDITURES $	ESTIMATES $
Procurement		
Administration	9,364	11,700
Equipment	-	5,700
Materials, Supplies & Services	440	2,700
Professional & Contract Services	-	2,000
Salaries	235,798	270,400
Travel & Training	3,352	6,500
	248,954	299,000
Total Office of the Comptroller	**1,391,211**	**1,499,800**
INFORMATION SERVICES		
Document Publishing Centre		
Administration	914,354	784,100
Materials, Supplies & Services	449,706	480,900
Professional & Contract Services	50,533	50,000
Salaries	575,700	531,800
Travel & Training	1,525	1,400
	1,991,818	1,848,200
Multimedia Services		
Administration	12,606	13,400
Equipment	10,152	7,700
Materials, Supplies & Services	63,480	66,200
Professional & Contract Services	3,640	3,500
Audio Visual and Text Services		
Salaries	684,560	731,800
Travel & Training	15,355	27,400
	789,793	850,000
Strategic Marketing and Design		
Administration	14,960	29,600
Equipment	12,381	3,700
Materials, Supplies & Services	23,436	52,400
Salaries	398,000	384,800
Travel & Training	1,025	4,800
	449,802	475,300
Administration		
Administration	3,645	5,500
Equipment	689	1,300
Materials, Supplies & Services	170	1,100
Salaries	122,854	177,900
	127,358	185,800
Total Information Services	**3,358,771**	**3,359,300**

DEPARTMENT OF THE PROVINCIAL TREASURY

Continued

	EXPENDITURES $	ESTIMATES $
ECONOMICS, STATISTICS AND FEDERAL FISCAL RELATIONS		
General		
Administration	6,850	39,800
Equipment	671	2,400
Materials, Supplies & Services	736	2,800
Professional & Contract Services	14,450	20,300
Salaries	341,811	378,100
Travel & Training	41,321	39,600
Total Economics, Statistics and Federal Fiscal Relations	**405,839**	**483,000**
INFORMATION TECHNOLOGY MANAGEMENT GROUP		
Administration		
Administration	13,578	29,500
Equipment	5,086	11,600
Materials, Supplies & Services	3,544	6,500
Professional & Contract Services	1,140	-
Salaries	299,423	449,700
Travel & Training	82,246	138,800
	405,017	636,100
Information Systems Delivery		
Administration	16,936	15,600
Equipment	52,630	500
Materials, Supplies & Services	3,647	3,000
Professional & Contract Services	21,914	-
Salaries	1,472,302	1,463,300
Travel & Training	10,225	9,800
	1,577,654	1,492,200
IT Operations		
Administration	48,990	70,600
Equipment	69,082	3,500
Materials, Supplies & Services	1,296,683	1,096,100
Professional & Contract Services	15,945	-
Salaries	1,046,225	1,031,800
Travel & Training	23,421	18,800
	2,500,346	2,220,800
Telecommunications		
Administration	20,759	19,100
Equipment	17,487	-
Materials, Supplies & Services	557,126	523,900
Professional & Contract Services	120,802	-
Salaries	432,427	472,700
Travel & Training	6,320	5,300
	1,154,921	1,021,000
Total Information Technology Management Group	**5,637,938**	**5,370,100**
TOTAL PROVINCIAL TREASURY	**18,464,304**	**19,045,300**

GENERAL GOVERNMENT

	EXPENDITURES $	ESTIMATES $
MISCELLANEOUS GENERAL		
Administration	153,518	380,000
Equipment	473	-
Materials, Supplies & Services	11,282	-
Professional & Contract Services	28,018	35,900
Travel & Training	144,322	95,900
Total Miscellaneous General	**337,613**	**511,800**
GRANTS		
Eastern Canadian Premiers Secretariat	3,224	5,100
Relief from Property Tax	847,176	776,000
Charlottetown Driving Park	676,518	725,000
Prince County Horseman's Association	144,614	85,000
Miscellaneous	348,600	348,600
Total Grants	**2,020,132**	**1,939,700**
GOVERNMENT INSURANCE PROGRAM		
Insurance Policies		
Administration	1,323,667	1,428,400
Total Government Insurance Program	**1,323,667**	**1,428,400**
CONTINGENCY FUND		
Administration	3,775	-
Debt	17,669,781	-
Equipment	163,983	-
Professional & Contract Services	110,317	-
Grants		
Miscellaneous	1,425,436	2,000,000
Total Contingency Fund	**19,373,292**	**2,000,000**
TOTAL GENERAL GOVERNMENT	**23,054,704**	**5,879,900**

TECHNOLOGY ASSET MANAGEMENT

	EXPENDITURES $	ESTIMATES $
TECHNOLOGY ASSET MANAGEMENT		
Equipment Rental	2,204,346	2,228,000
TOTAL TECHNOLOGY ASSET MANAGEMENT	**2,204,346**	**2,228,000**

P.E.I. LENDING AGENCY

	EXPENDITURES $	ESTIMATES $
GENERAL		
Grants		
Net Lending Operations	4,529,100	806,400
TOTAL PEI LENDING AGENCY	**4,529,100**	**806,400**

COUNCIL OF ATLANTIC PREMIERS

	EXPENDITURES $	ESTIMATES $
COUNCIL OF ATLANTIC PREMIERS		
Atlantic Provinces Education Foundation	15,917	15,900
Council of Atlantic Premiers Secretariat	67,424	67,400
Maritime Provinces Higher Education Commission	85,929	86,000
Atlantic Provinces Community College Consortium	4,214	4,200
TOTAL COUNCIL OF ATLANTIC PREMIERS	**173,484**	**173,500**

PUBLIC SERVICE COMMISSION

	EXPENDITURES $	ESTIMATES $
MANAGEMENT		
Administration	37,205	19,700
Equipment	4,962	-
Materials, Supplies and Services	870	3,100
Professional & Contract Services	11,531	43,600
Salaries	162,953	163,700
Travel & Training	8242	11,900
Total Management	**225,763**	**242,000**
CLASSIFICATION AND LABOUR RELATIONS		
Classification and Labour relations		
Administration	4,692	5,100
Equipment	1,158	-
Materials, Supplies and Services	7,845	2,000
Professional & Contract Services	848,864	817,000
Salaries	423,139	452,600
Travel & Training	7,687	5,800
Total Classification and Labour	**1,293,385**	**1,282,500**
LEARNING AND DEVELOPMENT		
Learning Centre		
Administration	43,400	40,600
Equipment	1,350	900
Materials, Supplies and Services	6,522	11,900
Professional & Contract Services	34,384	15,000
Salaries	395,377	304,600
Travel & Training	12,467	24,100
	493,500	397,100
Employee Assistance Programs		
Administration	22,936	17,700
Equipment	330	500
Materials, Supplies and Services	1,026	4,800
Professional & Contract Services	210	0
Salaries	207,361	211,700
Travel & Training	6,937	7,600
	238,800	242,300
Occupational Health and Safety		
Administration	6,864	5,100
Equipment	1,527	-
Materials, Supplies and Services	3,926	5,700
Professional & Contract Services	1,956	15,000
Salaries	147,399	149,700
Travel & Training	8,834	10,900
	170,506	186,400

PUBLIC SERVICE COMMISSION

Continued

	EXPENDITURES $	ESTIMATES $
Language Training		
Administration	6,852	9,000
Equipment	1,411	-
Materials, Supplies and Services	645	4,000
Salaries	297,738	291,900
Travel & Training	5,480	6,500
	312,126	311,400
Administration		
Administration	2,054	3,600
Equipment	1,948	-
Materials, Supplies and Services	435	500
Professional & Contract Services	900	-
Salaries	227,406	267,900
Travel & Training	5,273	4,000
	238,016	276,000
Total Learning and Development	**1,452,948**	**1,413,200**
STAFFING AND HUMAN RESOURCES PLANNING		
Administration	48,849	35,200
Equipment	6,872	900
Materials, Supplies and Services	33,777	32,700
Salaries	958,826	989,600
Travel & Training	18,175	14,200
Grants		
Miscellaneous	31,620	30,000
Total Staffing and Human Resources Planning	**1,098,119**	**1,102,600**
CORPORATE SERVICES, SYSTEMS AND ADMINISTRATION		
Systems and Administration		
Administration	9,661	7,900
Equipment	9,127	-
Materials, Supplies and Service	368,306	390,500
Salaries	293,863	303,900
Travel & Training	4,609	10,100
	685,566	712,400
Employee Benefits		
Administration	8,107	11,300
Equipment	7,398	1,500
Materials, Supplies and Services	2,668	5,200
Professional & Contract Services	-	5,000
Salaries	297,378	289,500
Travel & Training	2,306	4,500
	317,857	317,000

PUBLIC SERVICE COMMISSION

Continued

	EXPENDITURES $	ESTIMATES $
Corporate Services		
Administration	6,838	3,800
Equipment	7,195	5,600
Materials, Supplies and Service	17,051	16,000
Professional & Contract Services	-	12,600
Salaries	99,369	86,300
Travel & Training	317,124	318,500
	447,577	442,800
Total Corporate Services, Systems and Administration	**1,451,000**	**1,472,200**
TOTAL PUBLIC SERVICE COMMISSION	**5,521,215**	**5,512,500**

EMPLOYEE BENEFITS

	EXPENDITURES $	ESTIMATES $
MEDICAL / LIFE BENEFITS		
Salaries	241,564	317,600
Total Medical / Life Benefits	**241,564**	**317,600**
EMPLOYEES' FUTURE BENEFITS		
Professional & Contract Services	7,954	-
Salaries	1,144,992	421,800
Total Employees' Future Benefits	**1,152,946**	**421,800**
PENSION MANAGEMENT		
Administration	15,614	30,000
Equipment	-	4,500
Professional & Contract Services	56,542	140,000
Salaries	91,128	32,000
Total Pension Management	**163,284**	**206,500**
TOTAL EMPLOYEE BENEFITS	**1,557,794**	**945,900**

DEPARTMENT OF TOURISM

	EXPENDITURES $	ESTIMATES $
DEPARTMENT MANAGEMENT		
Administration	12,713	10,700
Equipment	1,269	2,200
Materials, Supplies & Services	18,828	24,100
Professional & Contract Services	1,851	2,000
Salaries	60,991	48,800
Travel & Training	8,242	16,100
TOTAL DEPARTMENT OF TOURISM	**103,894**	**103,900**

TOURISM PEI

	EXPENDITURES $	ESTIMATES $
TOURISM PEI		
Grants		
Tourism PEI Inc	12,138,969	11,627,900
TOTAL TOURISM PEI	**12,138,969**	**11,627,900**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

	EXPENDITURES $	ESTIMATES $
FINANCE AND HUMAN RESOURCES		
Executive Office		
Administration	20,345	20,600
Equipment	2,526	1,000
Materials, Supplies & Services	4,147	3,200
Salaries	251,005	240,600
Travel & Training	18,892	30,200
	296,915	295,600
Director's Office - Finance, HR and Operations		
Administration	13,060	15,500
Equipment	6,751	1,100
Materials, Supplies & Services	398	1,500
Professional & Contract Services	197,641	157,900
Salaries	424,832	543,500
Travel & Training	996	6,200
	643,678	725,700
Finance Section		
Administration	14,998	19,300
Equipment	4,513	2,200
Materials, Supplies & Services	19,083	10,500
Salaries	350,337	365,400
Travel & Training	7,342	6,600
	396,273	404,000
Human Resources Section		
Administration	4,413	4,800
Equipment	331	2,700
Materials, Supplies & Services	305	1,100
Professional & Contract Services	448	2,300
Salaries	310,380	259,600
Travel & Training	2,529	13,600
	318,406	284,100
Total Finance and Human Resources	**1,655,272**	**1,709,400**
HIGHWAY SAFETY AND INFORMATION TECHNOLOGY		
Highway Safety Administration		
Administration	48,107	63,400
Equipment	8,321	19,400
Materials, Supplies & Services	6,209	3,000
Professional & Contract Services	236,015	261,400
Salaries	47,834	86,000
Travel & Training	8,687	10,100
	355,173	443,300

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Promotion Highway Safety		
Administration	7,585	9,600
Equipment	6,192	9,800
Materials, Supplies & Services	96,243	42,400
Professional & Contract Services	41,099	3,700
Salaries	433,188	517,600
Travel & Training	28,506	33,900
	612,813	617,000
Registration and Licensing		
Administration	3,761	11,600
Equipment	6,670	8,600
Materials, Supplies & Services	119,396	103,900
Professional & Contract Services	-	1,000
Salaries	135,650	162,900
Travel & Training	2,789	6,000
	268,266	294,000
Records		
Materials, Supplies & Services	69	-
Salaries	186,267	162,700
	186,336	162,700
Summerside Deputy Registrar's Office		
Salaries	91,123	181,100
Travel & Training	-	1,500
	91,123	182,600
Highway Scales		
Administration	11,999	9,300
Equipment	1,263	25,400
Materials, Supplies & Services	27,489	23,600
Professional & Contract Services	1,330	9,800
Salaries	593,978	506,800
Travel & Training	27,061	22,600
	663,120	597,500
Total Highway Safety and Information Technology	**2,176,831**	**2,297,100**
LAND AND ENVIRONMENT		
Highway Enhancement		
Administration	91	-
Materials, Supplies & Services	16,627	-
Salaries	403,457	318,600
Travel & Training	1,083	-
	421,258	318,600

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Environment Management		
Administration	12,643	10,500
Equipment	3,297	5,300
Materials, Supplies & Services	4,739	4,000
Professional & Contract Services	20,514	23,100
Salaries	321,899	397,200
Travel & Training	43,252	46,400
	406,344	486,500
Surveys		
Administration	4,373	4,800
Equipment	16,758	6,100
Materials, Supplies & Services	3,705	5,500
Professional & Contract Services	25,190	56,900
Salaries	368,900	345,100
Travel & Training	16,312	11,400
	435,238	429,800
Total Land and Environment	**1,262,840**	**1,234,900**
HIGHWAY MAINTENANCE OPERATIONS		
Highway Maintenance Administration - Director's Office		
Administration	10,096	23,300
Equipment	14,661	213,300
Materials, Supplies & Services	26,236	21,000
Professional & Contract Services	75,328	100,000
Salaries	233,113	253,400
Travel & Training	10,660	18,200
Grants		
Slemon Park	75,162	80,600
	445,256	709,800
Highway Maintenance Inventory Control		
Administration	2,807	3,000
Equipment	-	1,000
Materials, Supplies & Services	3,336	1,500
Salaries	76,813	80,800
Travel & Training	7,026	10,100
	89,982	96,400
Maintenance Administration - Western Region		
Administration	56,326	32,500
Equipment	1,786	1,200
Materials, Supplies & Services	6,659	2,200
Salaries	424,389	496,100
Travel & Training	8,501	3,200
	497,661	535,200

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Maintenance Administration - Eastern Region		
Administration	59,246	47,700
Equipment	323	1,800
Materials, Supplies & Services	23,350	700
Salaries	513,193	524,500
Travel & Training	102,238	70,400
	698,350	645,100
Maintenance Administration - Central Region		
Administration	89,178	57,500
Equipment	1,340	1,000
Materials, Supplies & Services	1,604	600
Salaries	637,764	569,100
Travel & Training	41,067	21,000
	770,953	649,200
Highway Maintenance - Zone Operations - Western Region		
Administration	418	-
Materials, Supplies & Services	2,237	5,100
Salaries	2,370,340	2,266,100
Travel & Training	69,205	59,200
	2,442,200	2,330,400
Highway Maintenance - Zone Operations - Eastern Region		
Materials, Supplies & Services	528	-
Salaries	2,435,228	2,362,300
Travel & Training	28,470	20,100
	2,464,226	2,382,400
Highway Maintenance - Zone Operations - Central Region		
Materials, Supplies & Services	1,236	-
Salaries	3,453,701	3,045,500
Travel & Training	83,178	80,000
	3,538,115	3,125,500
Summer Maintenance - Western Region		
Administration	7	-
Equipment	2,318	7,200
Materials, Supplies & Services	1,532,095	1,805,400
Professional & Contract Services	167,485	82,600
Salaries	200,314	-
	1,902,219	1,895,200
Summer Maintenance - Eastern Region		
Materials, Supplies & Services	1,372,975	1,594,300
Professional & Contract Services	89,041	48,800
Salaries	181,135	-
Travel & Training	74	-
	1,643,225	1,643,100

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Summer Maintenance - Central Region		
Materials, Supplies & Services	2,093,375	2,124,300
Professional & Contract Services	168,860	164,800
Travel & Training	563	-
	2,262,798	2,289,100
Summer Maintenance - Rails to Trails Maintenance		
Administration	16,156	14,300
Equipment	527	800
Materials, Supplies & Services	253,024	292,800
Professional & Contract Services	29,097	35,000
Salaries	501,927	407,400
Travel & Training	37,888	14,500
	838,619	764,800
Winter Maintenance - Western Region		
Materials, Supplies & Services	1,066,044	998,700
Professional & Contract Services	2,671,336	2,865,600
Salaries	536,105	378,900
Travel & Training	643	-
	4,274,128	4,243,200
Winter Maintenance - Eastern Region		
Materials, Supplies & Services	903,340	869,000
Professional & Contract Services	1,276,623	1,405,500
Salaries	442,511	360,000
Travel & Training	6,109	4,000
	2,628,583	2,638,500
Winter Maintenance - Central Region		
Administration	285	-
Materials, Supplies & Services	1,679,177	1,446,300
Professional & Contract Services	2,271,807	2,060,000
Salaries	693,025	462,100
Travel & Training	51	-
	4,644,345	3,968,400
Mechanical - Charlottetown Garage - Direct		
Administration	25,936	29,900
Materials, Supplies & Services	1,747,517	1,398,000
Salaries	2,027,838	1,970,400
Travel & Training	6,671	6,700
	3,807,962	3,405,000
Mechanical - Charlottetown Garage - Indirect		
Administration	75,159	71,200
Equipment	17,434	14,400
Materials, Supplies & Services	258,182	237,600
Professional & Contract	37,107	35,400
Salaries	417,606	578,500
Travel & Training	2,439	4,600
	807,927	941,700

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Mechanical - Summerside Garage - Direct		
Administration	17,613	18,000
Materials, Supplies & Services	1,267,524	875,800
Professional & Contract	15,360	18,100
Salaries	753,793	746,100
Travel & Training	34,376	28,900
	2,088,666	1,686,900
Mechanical - Summerside Garage - Indirect		
Administration	28,212	30,700
Equipment	7,961	11,000
Materials, Supplies & Services	77,585	66,900
Salaries	85,319	101,500
Travel & Training	2,840	4,400
	201,917	214,500
Mechanical - Operators - Western Region		
Administration	-	3,200
Equipment	-	1,500
Materials, Supplies & Services	11,294	16,800
Salaries	936,844	937,800
Travel & Training	21,866	17,500
	970,004	976,800
Mechanical - Operators - Central Region		
Administration	3229	1700
Materials, Supplies & Services	71,988	94,100
Salaries	1,888,221	1,943,000
Travel & Training	36,042	48,000
	1,999,480	2,086,800
Mechanical - Operators - Eastern Region		
Administration	1,258	900
Materials, Supplies & Services	22,397	32,500
Salaries	900,953	1,011,600
Travel & Training	18,790	22,100
	943,398	1,067,100
Mechanical - Bridgetown Highways Garage		
Administration	32,312	37,100
Equipment	5,981	5,200
Materials, Supplies & Services	591,407	604,900
Professional & Contract Services	8,951	1,600
Salaries	773,148	746,300
Travel & Training	10,891	4,200
	1,422,690	1,399,300
Total Highway Maintenance Operations	**41,382,704**	**39,694,400**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
PUBLIC WORKS AND PLANNING		
Public Works Operations - Administration		
Administration	31,773	8,300
Equipment	477	1,000
Materials, Supplies & Services	18,566	152,300
Professional & Contract Services	3,978	185,200
Salaries	556,407	608,400
Travel & Training	35,479	44,900
	646,680	1,000,100
Public Works Operations Administration - District Heating Plant		
Materials, Supplies & Services	231,897	220,700
Professional & Contract Services	2,171,450	2,215,400
	2,403,347	2,436,100
Building Maintenance Direct-Mona Wilson Building		
Administration	9,144	13,900
Materials, Supplies & Services	15,571	20,400
Professional & Contract Services	11,222	18,000
	35,937	52,300
Building Maintenance Direct-Shaw & Sullivan Buildings		
Administration	464,337	444,300
Equipment	8,783	18,000
Materials, Supplies & Services	959,609	698,400
Professional & Contract Services	297,772	299,000
Salaries	1,015,343	1,023,700
Travel & Training	5,189	-
	2,751,033	2,483,400
Building Maintenance Direct-Province House		
Administration	33,923	35,000
Equipment	608	-
Materials, Supplies & Services	101,426	95,200
Professional & Contract Services	14,051	7,000
Salaries	45,731	36,300
	195,739	173,500
Building Maintenance Direct-Province House Annex		
Administration	7,273	7,700
Materials, Supplies & Services	15,469	20,700
Professional & Contract Services	14,550	15,000
	37,292	43,400
Building Maintenance Direct-Government House		
Administration	26,232	28,400
Debt	339	-
Equipment	1,422	6,300
Materials, Supplies & Services	124,587	98,100
Professional & Contract Services	42,785	40,000
Salaries	279,089	296,800
Travel & Training	4,439	3,500
	478,893	473,100

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Building Maintenance Direct-Customs House		
Administration	7,832	8,500
Materials, Supplies & Services	71,526	23,700
Professional & Contract Services	17,401	15,000
	96,759	47,200
Building Maintenance Direct-Portable Classrooms		
Materials, Supplies & Services	2,839	20,000
Professional & Contract Services	-	10,100
	2,839	30,100
Building Maintenance Direct-Coles Building		
Administration	38,282	38,400
Materials, Supplies & Services	35,416	32,900
Professional & Contract Services	11,596	22,000
Salaries	38,817	42,800
	124,111	136,100
Building Maintenance Direct-Prince County Jail & Courthouse		
Administration	16,666	14,900
Equipment	-	900
Materials, Supplies & Services	57,370	56,800
Professional & Contract Services	9,587	10,000
Salaries	37,471	37,400
	121,094	120,000
Building Maintenance Direct-Summerside Youth Centre		
Administration	81,634	85,000
Materials, Supplies & Services	112,665	125,500
Professional & Contract Services	15,538	20,000
Salaries	53,149	40,400
	262,986	270,900
Building Maintenance Direct-Provincial Correctional Centre		
Administration	23,504	25,000
Equipment	-	900
Materials, Supplies & Services	210,775	182,800
Professional & Contract Services	17,504	15,000
Salaries	1,377	40,400
	253,160	264,100
Building Maintenance Direct-Montague Office Complex		
Administration	7,556	7,500
Materials, Supplies & Services	38,263	52,700
Professional & Contract Services	40,280	35,000
	86,099	95,200
Building Maintenance Direct-Southern Kings		
Administration	5,125	5,300
Materials, Supplies & Services	35,711	50,700
Professional & Contract Services	36,118	32,000
Travel & Training	551	-
	77,505	88,000

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Building Maintenance Direct-West Prince RSC		
Administration	7,545	8,000
Materials, Supplies & Services	27,754	30,300
Professional & Contract Services	23,459	20,000
	58,758	58,300
Building Maintenance Direct-Small Buildings		
Administration	42,816	50,100
Equipment	608	900
Materials, Supplies & Services	433,839	486,100
Professional & Contract Services	101,243	102,000
Salaries	106,817	63,400
Travel & Training	3,331	-
	688,654	702,500
Building Maintenance Direct-Highways Materials Testing Lab		
Administration	2,388	3,000
Materials, Supplies & Services	36,163	44,500
Professional & Contract Services	9,586	10,000
Salaries	21,842	-
Travel & Training	1,246	-
	71,225	57,500
Building Maintenance Direct-Brighton Road Office Complex		
Administration	369	25,600
Materials, Supplies & Services	25,661	31,600
Professional & Contract Services	26,105	30,000
	52,135	87,200
Building Maintenance Direct-Holland College - Royalty		
Administration	233,789	-
Materials, Supplies & Services	245,643	410,000
	479,432	410,000
Building Maintenance Direct-North Cape Wind Site		
Materials, Supplies & Services	116,586	130,000
	116,586	130,000
Building Accommodations - Small Lease Accommodations		
Administration	371,502	435,900
Materials, Supplies & Services	17,606	76,000
Professional & Contract Services	8,638	8,400
	397,746	520,300
Building Accommodations - Evangeline RSC		
Administration	60,895	61,000
Materials, Supplies & Services	3,096	3,700
	63,991	64,700
Building Accommodations-Johnny Ross Young RSC		
Administration	187,800	197,800
Materials, Supplies & Services	3,301	5,000
Professional & Contract Services	1,955	2,000
	193,056	204,800

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Building Accommodations-Research Station		
Administration	267,705	265,200
Materials, Supplies & Services	147	10,000
	267,852	275,200
Building Accommodations - Queens Region Health Authority		
Administration	432,685	400,800
Materials, Supplies & Services	-	2,000
	432,685	402,800
Building Accommodations - Health Agency		
Administration	382,689	330,000
Materials, Supplies & Services	434	5,000
	383,123	335,000
Building Accommodations-Provincial Library Morell		
Administration	179,389	172,800
Materials, Supplies & Services	108	1,000
Professional & Contract Services	152	3,500
	179,649	177,300
Building Accommodations - St. Paul's Rectory		
Administration	16,644	22,500
Materials, Supplies & Services	8,226	9,200
Professional & Contract Services	9,425	5,000
	34,295	36,700
Building Accommodations - Albert Thomas Building		
Administration	58,269	59,200
Materials, Supplies & Services	19,791	21,400
Professional & Contract Services	6,578	7,500
	84,638	88,100
Building Accommodations - Sherwood Fire Hall		
Administration	96,146	105,000
Materials, Supplies & Services	4,576	10,000
Professional & Contract Services	5,029	7,400
Salaries	37,454	34,100
	143,205	156,500
Building Accommodations - Concorde Building		
Administration	115,276	145,200
Materials, Supplies & Services	37,887	2,000
	153,163	147,200
Building Accommodations - Davies Law Court		
Administration	517,940	648,000
Materials, Supplies & Services	130,476	20,000
Professional & Contract Services	242,805	220,000
	891,221	888,000

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Building Accommodations - Highway Safety Office		
Administration	159,698	157,000
Materials, Supplies & Services	335	2,000
	160,033	159,000
Building Accommodations - Stonehouse VIC		
Administration	48,729	48,500
Materials, Supplies & Services	11,090	8,600
Professional & Contract Services	4,361	11,000
Salaries	16,189	-
	80,369	68,100
Building Accommodations - Fisheries Warehouse		
Administration	43,053	36,000
Materials, Supplies & Services	11,702	11,200
Professional & Contract Services	170	1,500
	54,925	48,700
Building Accommodations - Georgetown Office Accommodations		
Administration	47,330	48,000
Materials, Supplies & Services	1,160	2,000
Professional & Contract Services	194	-
	48,684	50,000
Building Accommodations - Kelly Building - Courthouse		
Administration	227,123	276,000
Materials, Supplies & Services	878	20,000
	228,001	296,000
Building Accommodations - Access PEI - Summerside		
Administration	530,362	554,000
Materials, Supplies & Services	33,674	15,600
	564,036	569,600
Building Accommodations - Queens County Sheriff's Office		
Administration	55,500	60,000
Materials, Supplies & Services	1,488	-
Professional & Contract Services	1,515	3,000
	58,503	63,000
SRDC 109 Water Street		
Administration	165,792	200,000
Materials, Supplies & Services	2,216	-
	168,008	200,000
Building Accommodations - Confederation Centre & Libraries		
Administration	126,000	126,000
Professional & Contract Services	1,287	-
	127,287	126,000
Building Accommodations - Gateway Village Village VIC		
Administration	51,180	51,200
	51,180	51,200
Building Accommodations - Confederation Court Leases		
Administration	56,168	56,200
	56,168	56,200

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Building Accommodations - Breckan-Yates Building		
Administration	25,000	-
Materials, Supplies & Services	493	-
	25,493	-
Properties - Properties		
Administration	119,967	86,000
Equipment	4,188	10,300
Materials, Supplies & Services	10,371	8,500
Professional & Contract Services	9,482	35,700
Salaries	618,932	856,800
Travel & Training	20,417	34,700
	783,357	1,032,000
Properties - Crown Land Management		
Materials, Supplies & Services	-	17,600
Professional & Contract Services	23,251	25,200
	23,251	42,800
Directors Office		
Administration	8,548	8,600
Equipment	4,921	2,500
Materials, Supplies & Services	2,995	5,600
Professional & Contract Services	229,446	366,000
Salaries	216,280	243,900
Travel & Training	3,959	16,800
	466,149	643,400
Planning and Design		
Administration	2,045	6,700
Equipment	1,116	2,300
Materials, Supplies & Services	2,063	7,300
Professional & Contract Services	-	12,600
Salaries	177,289	216,800
Travel & Training	8,869	13,000
	191,382	258,700
Building Construction		
Administration	5,552	4,800
Equipment	869	1,000
Materials, Supplies & Services	16,671	2,000
Salaries	246,320	238,400
Travel & Training	23,436	24,100
	292,848	270,300
Building Design		
Administration	4,454	5,600
Equipment	2,148	1,500
Materials, Supplies & Services	439	1,000
Professional & Contract Services	6,392	6,100
Salaries	247,141	293,400
Travel & Training	15,014	11,100
	275,588	318,700
Total Public Works and Planning	**15,920,150**	**16,709,300**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
CAPITAL PROJECT DIVISION		
Traffic Operations - Western Region		
Administration	1,982	4,900
Equipment	187	1,400
Materials, Supplies & Services	250,521	247,300
Professional & Contract Services	4,337	2,200
Salaries	318,961	313,900
Travel & Training	11,614	12,400
	587,602	582,100
Traffic Operations - Central Region		
Administration	6,480	1,900
Equipment	14,465	6,000
Materials, Supplies & Services	422,244	474,800
Professional & Contract Services	18,421	8,200
Salaries	480,656	457,100
Travel & Training	25,341	17,600
	967,607	965,600
Traffic Operations - Eastern Region		
Administration	5,233	4,700
Equipment	2,018	2,700
Materials, Supplies & Services	230,320	216,600
Professional & Contract Services	7,433	40,800
Salaries	275,027	259,700
Travel & Training	12,183	14,700
	532,214	539,200
Traffic Operations - Sign Shop		
Administration	4,485	2,400
Equipment	1,326	600
Materials, Supplies & Services	282,045	84,000
Professional & Contract Services	3,265	10,100
Salaries	125,342	147,000
Travel & Training	1,226	1,000
	417,689	245,100
Chief Engineer's Office		
Administration	28,173	24,000
Equipment	5,421	5,300
Materials, Supplies & Services	44,058	16,000
Professional & Contract Services	70,246	86,600
Salaries	246,838	275,300
Travel & Training	10,217	16,100
	404,953	423,300

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Western Region		
Administration	34,776	29,200
Equipment	25,574	21,600
Materials, Supplies & Services	21,524	24,600
Professional & Contract Services	50	3,000
Salaries	1,032,890	948,500
Travel & Training	66,190	60,200
	1,181,004	1,087,100
Central Region		
Administration	16,334	23,100
Equipment	9,519	8,800
Materials, Supplies & Services	19,876	22,300
Professional & Contract Services	3,901	1,000
Salaries	772,679	857,400
Travel & Training	26,542	36,200
	848,851	948,800
Eastern Region		
Administration	14,827	23,800
Equipment	8,552	18,300
Materials, Supplies & Services	7,308	20,900
Professional & Contract Services	2,585	3,000
Salaries	803,864	932,100
Travel & Training	45,881	65,200
	883,017	1,063,300
Special Projects - Capital		
Administration	1,011	3,400
Equipment	-	2,200
Materials, Supplies & Services	341	3,400
Professional & Contract Services	-	1,000
Salaries	225,122	243,800
Travel & Training	5,752	19,000
	232,226	272,800
Engineering Services - Operations		
Administration	4,749	7,800
Equipment	12,184	30,300
Materials, Supplies & Services	7,402	11,000
Professional & Contract Services	-	35,000
Salaries	148,585	293,600
Travel & Training	9,244	23,600
	182,164	401,300
Highway Design		
Administration	7,876	3,800
Equipment	24,006	24,900
Materials, Supplies & Services	34,904	8,900
Professional & Contract Services	35,079	22,200
Salaries	249,269	286,200
Travel & Training	21,939	17,100
	373,073	363,100

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Materials Testing Lab		
Administration	23,081	20,900
Equipment	22,343	12,700
Materials, Supplies & Services	28,608	27,300
Professional & Contract Services	34,698	2,500
Salaries	935,290	1,078,100
Travel & Training	41,410	48,400
	1,085,430	1,189,900
Pavement Management		
Administration	4,642	4,500
Equipment	3,106	600
Materials, Supplies & Services	3,714	38,700
Professional & Contract Services	1,688	6,000
Salaries	142,071	174,800
Travel & Training	14,892	13,000
	170,113	237,600
Bridge Maintenance - Operations		
Administration	6,791	7,500
Materials, Supplies & Services	262,825	151,400
Professional & Contract Services	68,676	70,500
Salaries	451,890	533,600
Travel & Training	26,019	30,000
	816,201	793,000
Total Capital Project Division	**8,682,144**	**9,112,200**
PROVINCIAL WASTE MANAGEMENT		
Administration	-	1,900
Materials, Supplies & Services	2,487	15,800
Professional & Contract Services	703,599	550,000
Salaries	47,546	48,600
Travel & Training	1,328	-
Total Provincial Waste Management	**754,960**	**616,300**
CAPITAL		
Highways		
Bridges	805,348	-
Culverts	479,024	300,000
Provincial Paving	7,534,691	5,530,000
Reconstruction	2,846,054	-
Highways Equipment	293,565	-
	11,958,682	5,830,000

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Buildings		
Province House Annex	91	-
O'Leary Community Hospital	159,103	-
Health Care Buildings	983,998	-
Provincial Parks Site Program	503,607	-
	1,646,799	-
Other		
Fisheries Equipment	46,204	-
Veteran's Monuments	39,086	-
	85,290	-
Total Capital	**13,690,771**	**5,830,000**
TOTAL TRANSPORTATION AND PUBLIC WORKS	**85,525,672**	**77,203,600**

INTERMINISTERIAL WOMEN'S SECRETARIAT

	EXPENDITURES $	ESTIMATES $
INTERMINISTERIAL WOMEN'S SECRETARIAT		
Administration	1,550	1,800
Equipment	407	-
Materials, Supplies and Services	2,630	500
Professional & Contract Services	10,844	14,300
Salaries	116,235	124,400
Travel	6,379	6,000
Grants		
Advisory Council on the Status of Women	144,300	144,300
Women's Network	8,505	8,500
TOTAL INTERMINISTERIAL WOMEN'S SECRETARIAT	**290,850**	**299,800**

INTEREST CHARGES ON DEBT

	EXPENDITURES $	ESTIMATES $
INTEREST		
Debt	102,990,190	104,830,400
Total Interest	**102,990,190**	**104,830,400**
AMORTIZATION OF DEBENTURE DISCOUNT		
Debt	654,968	578,200
Total Amortization of Debenture Discount	**654,968**	**578,200**
TOTAL INTEREST CHARGES ON DEBT	**103,645,158**	**105,408,600**

Details

Of

Capital Revenues With Estimates

For the Year Ended March 31, 2004

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

	REVENUE $		ESTIMATES $
GOVERNMENT OF CANADA			
Strategic Highway infrastucture Program	1,184,423		1,007,500
Disaster Assistance	1,687,280		-
Total Government of Canada	**2,871,703**	*	**1,007,500**
LAND SALES	**522,966**		**270,000**
TOTAL CAPITAL REVENUES	**3,394,669**		**1,277,500**

* Federal revenue is deducted from the cost of tangible capital assets.

Details

Of

Capital Expenditures With Estimates

For the Year Ended March 31, 2004

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

	EXPENDITURES $		ESTIMATES $	
HIGHWAYS				
Bridges	3,511,456		3,265,000	
Highway Reconstruction	15,904,356		14,978,000	
Highway Equipment (Vehicles)	707,154		1,250,000	
Total Highways	**20,122,966**		**19,493,000**	
BUILDINGS				
Health Buildings - Major Repairs	-	*	1,000,000	
O'Leary Community Hospital	-	*	150,000	
Orwell Corner Agricultural Museum	364,759		-	**
Sherwood Administration Building	4,706		-	
Southern Kings RSC	93,016		110,000	
Total Buildings	**462,481**		**1,260,000**	
OTHER				
Land Purchase	518,607		270,000	
Vehicle Purchases	434,466		-	**
Equipment Purchases-Management Information Systems	4,788,861		-	**
Fisheries and Aquaculture Equipment	-	*	47,000	
Provincial Parks - Waste/Water Treatment Facilities	925,419		850,000	
Provincial Parks - Major Repairs	-	*	500,000	
Total Other	**6,667,353**		**1,667,000**	
TOTAL CAPITAL EXPENDITURES	**27,252,800**		**22,420,000**	

* Actual expenditures did not meet capital assets criteria and are included in Transportation and Public Works Program Expenses.

** Budget included in various Departmental Program Expenses.

Province of
Prince Edward Island

Agencies, Boards, and Crown Corporations

Financial Statements

For the Year Ended March 31, 2004

The Charlottetown Area Development Corporation

Consolidated Financial Statements
March 31, 2004

The Charlottetown Area Development Corporation

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June 10, 2004

Auditors' Report

To the Board of Directors of
The Charlottetown Area Development Corporation

We have audited the consolidated balance sheet of **The Charlottetown Area Development Corporation** as at March 31, 2004 and the consolidated statements of earnings, retained earnings (deficit) and appropriated reserve and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

The Charlottetown Area Development Corporation

Consolidated Balance Sheet

As at March 31, 2004

	2004 $	2003 $
Assets (note 7)		
Cash and cash equivalents (notes 6, 10 and 11)	1,480,470	1,887,294
Accounts receivable and accrued interest (note 6)	832,011	377,215
Mortgages receivable (note 2)	10,269,979	10,724,368
Lease receivable	-	46,171
Deferred charges, less accumulated amortization of $55,209 (2003 - nil)	111,971	150,000
Property and equipment (note 3)	12,377,659	12,525,397
Investment in leases (note 4)	10,690,802	10,797,124
Properties for development (note 5)	2,127,094	2,347,094
	37,889,986	38,854,663
Liabilities		
Accounts payable and accrued liabilities (note 6)	1,686,067	1,175,186
Deferred revenue	41,300	-
Long-term debt (note 7)	31,462,195	32,488,073
Deferred credits (note 8)	423,355	439,305
	33,612,917	34,102,564
Contingent liability (note 9)		
Shareholders' Equity		
Capital stock		
Authorized		
5,000 common shares of the par value of $1 each		
Issued		
2,500 shares	2,500	2,500
Contributed surplus	4,526,706	4,526,706
	4,529,206	4,529,206
Appropriated reserve (note 11)	-	293,607
Deficit	(252,137)	(70,714)
	4,277,069	4,752,099
	37,889,986	38,854,663

Approved by the Board of Directors

____________________ Director ____________________ Director

The Charlottetown Area Development Corporation

Consolidated Statement of Retained Earnings (Deficit) and Appropriated Reserve

For the year ended March 31, 2004

	2004 $	2003 $
Retained earnings (deficit) – Beginning of year	(70,714)	102,875
Net loss for the year	(475,030)	(173,589)
Transfer from appropriated surplus	293,607	-
Deficit – End of year	(252,137)	(70,714)
Appropriated reserve		
Balance – Beginning of year	293,607	293,607
Transfer to retained earnings (note 12)	(293,607)	-
Balance – End of year	-	293,607

The Charlottetown Area Development Corporation

Consolidated Statement of Earnings

For the year ended March 31, 2004

	2004 $	2003 $
Revenue		
Rentals	2,104,888	2,100,298
Interest	657,056	682,830
Interest on investment in leases	718,001	420,175
Parking lot	85,049	82,240
Operating (Schedule 1)	168,717	204,444
Founders' Hall	199,842	297,580
	3,933,553	3,787,567
Expenses		
Operating (Schedule 1)	514,027	483,311
Founders' Hall (Schedule 2)	258,115	439,263
Interest on long-term debt	1,936,714	1,655,424
Wages and benefits	8,263	12,521
Fuel	156,624	157,966
Heating system	35,311	33,831
Insurance	35,185	31,434
Common area	51,761	17,384
Property taxes	417,944	399,818
Utilities	150,920	129,648
Repairs and maintenance	192,611	144,470
Cleaning	66,335	63,004
Snow removal	7,925	7,124
Professional fees	7,751	7,362
Parking lot	24,931	29,857
Miscellaneous	689	993
	3,865,106	3,613,410
Operating income before amortization	68,447	174,157
Amortization	362,475	317,046
Operating loss	(294,028)	(142,889)
Other income (expense) (Schedule 2)	(181,002)	(30,700)
Net loss for the year	(475,030)	(173,589)

The Charlottetown Area Development Corporation

Consolidated Statement of Cash Flows

For the year ended March 31, 2004

	2004 $	2003 $
Cash provided by (used in)		
Operating activities		
Net loss for the year	(475,030)	(173,589)
Items not affecting cash		
Amortization of property and equipment	461,430	465,949
Amortization of deferred financing costs and deferred credits (net)	39,259	(15,921)
Loss (gain) on sale of property and equipment	135,000	(34,037)
	160,659	242,402
Net change in non-cash working capital items		
– decrease (increase) in accounts receivable and accrued interest	(454,796)	1,028,014
– increase (decrease) in accounts payable and accrued liabilities	510,881	(995,033)
	216,744	275,383
Financing activities		
Proceeds on long-term debt	-	14,650,000
Decrease in lease receivable	46,171	87,471
Repayment of long-term debt	(1,025,878)	(6,621,871)
Decrease in mortgages receivable	454,389	429,976
Decrease in term loan	-	(750,000)
Increase in deferred revenue	41,300	-
Increase in deferred charges	(17,180)	(150,000)
	(501,198)	7,645,576
Investing activities		
Decrease in assets under construction	-	99,596
Decrease in land held for resale	-	40,198
Principal received on investment in lease	106,322	162,920
Purchase of property and equipment	(313,692)	(45,280)
Proceeds on sale of property and equipment	-	34,037
Proceeds on properties for development	85,000	-
Increase in investment in lease	-	(7,030,456)
	(122,370)	(6,738,985)
Change in cash and cash equivalents	(406,824)	1,181,974
Cash and cash equivalents – Beginning of year	1,887,294	705,320
Cash and cash equivalents – End of year	1,480,470	1,887,294

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2004

1 Summary of significant accounting policies

General

These financial statements include the operations of the Charlottetown Area Development Corporation and its wholly-owned subsidiaries, Harbourside Complex Limited and The Charlottetown Waterfront Development Corporation.

Mortgages receivable

The mortgages receivable are recorded at cost.

Deferred charges

Prepayment penalties related to the refinancing of debt are recorded as deferred charges. The deferred charges are amortized over the period from April 2003 to May 2006, corresponding to the period for which the prepayment penalty was incurred.

Property and equipment and amortization

Amortization of property and equipment are calculated using the straight-line and declining balance method at the following annual rates:

	%
Land improvements	2.5 SL
Buildings	2.5 SL
Equipment	20 DB
Leasehold improvements	2.5 and 6.67 SL
Automotive	30 DB
Computer	30 DB

No amortization is taken on assets under construction.

Properties held for development

Land Assembly

The land assembly is recorded at cost.

CN Lands

The purchase of the CN lands was initially recorded at cost. Prior to the 2004 year, the asset was being reduced by the proceeds from the sale of the property held for development, as it was management's opinion that the company would not generate any gain or loss on the financing and sale of this property.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2004

An independent appraisal completed in the 2003 year valued the land for resale at an amount equal to the carrying value. In 2004, one of the remaining parcels of land sold realized thirty-eight percent of its appraised value. As a result of this substantial loss and the unlikely possibility of recovering the loss on the remaining sales, the loss has been recognized versus reducing the carrying value of the land by the proceeds received.

Government assistance and capital donations

Grants relating to general operations are recorded as revenue in the period in which they are received. Grants relating to the delivery of specific programs are recorded as revenue in the period in which the related expenditures are made.

Government contributions relating to capital property are recorded as deferred credits. The deferred credits are being amortized on the same basis as the related property and equipment are being amortized or written off.

Management fee – leasing

The Corporation charges management fees based on market rates for financing and administering rental operations and the City's three parkades.

Deferred financing costs

The costs incurred in obtaining long-term financing have been deferred and are amortized on a straight-line basis over the five year term of the related financing.

Provision for possible losses

Any provision for possible losses is recorded in the statement of earnings. The provision for possible losses is based on historical trends and management's judgement and is maintained at a level considered to be adequate to absorb potential losses.

Provisions are recorded for specific investments to reduce their book value to an amount expected to be recovered from the investments in the event of an impairment in value. A variety of methods are used to determine the amount expected to be recovered from impaired investments including estimated future cash flows, estimated fair value of the underlying security and value of any collateral security taken.

No provision for possible losses has been recorded at March 31, 2004 (2003 – nil).

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2004

Fair value of financial instruments

The company has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

2 Mortgages receivable

	2004 $	2003 $
5.851% mortgage, due May 2013, repayable in monthly instalments of $83,094 including principal and interest	9,625,608	10,051,178
7.25% mortgage, due May 2007, repayable in monthly instalments of $6,390 including principal and interest	644,371	673,190
	10,269,979	10,724,368

The following have been pledged as security for the mortgage:

- First fixed and floating charge mortgage and debenture on the property, chattels and equipment of Dyne Holdings Limited;
- Assignment of Dyne Holdings Limited leases, rents and insurance proceeds;
- First fixed and floating charge mortgage on the property, chattels and equipment of Kent Realty Limited;
- Assignments of Kent Realty Limited leases, rents and insurance proceeds;
- A guarantee by Dyne Holdings Limited of the Kent Realty Limited mortgage.

3 Property and equipment

	2004			2003
	Cost $	Accumulated amortization $	Net $	Net $
Harbourside	11,724,350	4,064,144	7,660,206	7,629,421
Founders' Hall	3,692,721	328,567	3,364,154	3,491,969
Peakes Wharf	1,596,297	580,424	1,015,873	1,058,330
Visitor Information Centre	393,425	58,262	335,163	342,446
Automotive	19,225	16,962	2,263	3,231
	17,426,018	5,048,359	12,377,659	12,525,397

Included in property and equipment costs is land in the amount of $1,009,836 in Harbourside, $296,599 in Founders' Hall, $130,975 in Peakes Wharf and $102,123 in Visitor Information Centre. The balance of the assets are buildings, land improvements, leasehold improvements, computer and equipment.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2004

4 Investment in leases

	2004 $	2003 $
Total minimum lease payments due October 1, 2019, receivable in monthly instalments of $31,611, including principal and interest	5,911,160	6,290,492
Less: Portion representing interest at 6.64%	2,234,073	2,482,976
	3,677,087	3,807,516
Total minimum lease payments due December 1, 2022, receivable in monthly instalments of $54,386, including principal and interest	12,236,850	12,889,482
Less: Portion representing interest at 5.81%	5,223,135	5,899,874
	7,013,715	6,989,608
	10,690,802	10,797,124

5 Properties held for development

	2004 $	2003 $
Land assembly		
Bruce Stewart	195,367	195,367
Paoli	43,662	43,662
Jaro Holdings	20,888	20,888
CN Car Shop	77,544	77,544
Fisheries and Oceans	65,000	65,000
Other	9,797	9,797
	412,258	412,258
CN Lands	1,714,836	1,934,836
	2,127,094	2,347,094

6 Virtual Charlottetown – Town Square^2 Project and Administered Funds

The Corporation has entered into a Contribution Agreement with Industry Canada and a Memorandum of Understanding with eight additional participating parties to carry out the Virtual Charlottetown – Town Square^2 Project (the Project). The project is comprised of twenty-eight major activities with activity number one being the development of a computer portal and the administration of this project and activities two through twenty-eight being the development of projects that will reside on the portal.

Industry Canada, under the Smart Communities Program, has agreed to make a non-repayable contribution to the project of the lessor of 50% of eligible supported costs and $4,583,331. The Corporation and the eight participating parties will fund the remaining $4,627,726 of the budgeted project costs.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2004

CADC is responsible for and will be the beneficial owner of the activities number one, twenty-six, twenty-seven and twenty-eight with budgeted costs of $3,944,682. The costs and related revenues of these activities will be reported in schedule two as Infrastructure and Organization revenue and expenses for activity one and project expenses for programs twenty-six, twenty-seven and twenty-eight.

The Corporation's participating partners are responsible for and will be the beneficial owners of activities two through twenty-five with budgeted costs of $5,266,375. The costs and related revenues of these activities will be disclosed in this note as these costs and revenues are being administered by CADC.

Included in the accounts of CADC are the following balances related to the project:

	2004 $	2003 $
Cash (bank advances)	83,113	(5,788)
Accounts receivable	350,890	134,824
Accounts payable	(390,776)	(280,374)
Net	43,227	(151,338)
Revenue – Virtual Charlottetown – Town Square[2]	674,627	1,925,517
Expenses – Virtual Charlottetown – Town Square[2]	674,627	1,925,517

CADC has administered the following revenues and expenditures relating to project two through twenty-five that are not reflected in the statement of operations since these are administered funds and not CADC revenues and expenditures.

	2004 $	2003 $
Revenue	1,106,559	1,802,872
Expenditures	1,149,786	1,954,210
Included in accounts receivable	(43,277)	151,338

The amount of $83,113 (2003 – ($5,788)) is included in cash and cash equivalents at March 31, 2004 and is held in trust for the Virtual Charlottetown project.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2004

7 Long-term debt

	2004 $	2003 $
Debentures		
6.13% debenture, due November 1, 2014, repayable in monthly instalments of $6,807 including principal and interest	638,434	679,604
5.781% debenture, due May 2013, repayable in monthly instalments of $83,094 including principal and interest	9,625,608	10,051,178
6.64% debenture, due October 1, 2019, repayable in monthly instalments of $31,610 including principal and interest	3,677,087	3,807,516
6.25% debenture, due March 2007, repayable in monthly instalments of $6,002 including principal and interest	639,933	670,902
	14,581,062	15,209,200
Mortgage payable		
6.23% mortgage, due November 30, 2012, repayable in monthly instalments of $54,386, including principal and interest	7,252,283	7,450,873
5.64% mortgage, due March 1, 2023, repayable in monthly instalments of $49,491, including principal and interest	6,950,850	7,150,000
Note payable		
6.82% note payable, due August 2009, principal and interest repaid upon sale of the assets pledged as security	2,678,000	2,678,000
	31,462,195	32,488,073

Security on debentures

- The 6.13%, 6.64% and 6.25% debentures are unsecured. These loans are payable to the majority shareholder.
- The 5.781% debenture is guaranteed by the Province of Prince Edward Island.

Security on mortgages

A first mortgage, a general security agreement providing a first fixed and floating charge over all assets, a specific assignment of cash flows, an assignment of insurance all on the Fitzroy Parkade and a guarantee of the City of Charlottetown have been pledged as security for the 6.23% mortgage.

A general security agreement with The Charlottetown Area Development Corporation, a first charge on all properties including Harbourside Project, Visitor Information Centre, Founders Hall and Peakes Wharf, assignment of leases and rents, and an assignment of fire insurance, have been pledged as security for the 5.64% mortgage.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2004

Security on note payable

The following parcels of land included in property held for development have been pledged as security for the 6.82% note payable:

- P.I.D. #825927
- P.I.D. #825935
- P.I.D. #841494
- P.I.D. #841536
- P.I.D. #841510

The net aggregate amount of principal payments required in each of the next five years to meet retirement provisions for the debentures, mortgages and note payable is as follows:

	$
Year ending March 31, 2005	1,065,319
2006	1,130,176
2007	1,198,995
2008	1,269,735
2009	1,349,373

8 Deferred credits

			2004	2003
	Cost $	Accumulated Amortization $	Net $	Net $
Peakes Wharf	638,037	214,682	423,355	439,305

9 Contingent liability

The Corporation has been named as a co-defendant in a claim made by a local businessman. It is management's feeling that a liability, if any, is undeterminable at this time and no provision has been made in the accounts for future possible losses.

10 Commitment

The Corporation holds cash of $123,227 (2003 – $124,199), disclosed on the balance sheet, in trust for third parties. The cash and liability are netted on the balance sheet. The deposits are being administered as part of requirements on loans owned by the Corporation and for security deposits for tenants.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2004

11 Appropriated reserve

On March 30, 1999, the Board of Directors established an appropriated reserve in the amount of $750,000 through an appropriation of retained earnings. The appropriated reserve has been established to finance an extensive capital asset maintenance program. The capital maintenance program has been completed and, as such, the balance of the appropriated reserve has been transferred back to retained earnings.

12 Related party transactions

Included in accounts receivable and accrued interest and accounts payable and accrued interest are the following amounts due to and from related parties:

	2004 $	2003 $
Accounts receivable		
Due from Province of Prince Edward Island	23,749	28,696
Due from City of Charlottetown	47,702	39,100
Accounts payable		
Due to the City of Charlottetown	76,488	39,157
Due to Province of Prince Edward Island	16,051	69,190

The 6.13% and 6.64% debentures and the 6.82% note payable are due to the Province of Prince Edward Island. The company expensed $330,470 (2003 – $343,136) in interest on this debt during the year.

The Province of Prince Edward Island is a majority shareholder of The Charlottetown Area Development Corporation and the City of Charlottetown is a minority shareholder.

13 Corporation status

The Corporation and all of its subsidiaries are non-taxable entities under the provisions of the Income Tax Act.

The stated purpose of the Corporation is to act as the central agency to foster and promote economic development for the City of Charlottetown.

The Charlottetown Area Development Corporation

Consolidated Schedule of Operating Revenue and Operating Expenses

For the year ended March 31, 2004 Schedule 1

	2004 $	2003 $
Revenue		
Management fee – leasing	106,410	74,671
– capital administration	-	71,435
Miscellaneous	62,307	58,338
	168,717	204,444
Expenses		
Wages and benefits	350,776	330,827
Professional fees	28,338	34,119
Directors' fees	42,000	43,005
Directors' meetings	2,239	1,479
Excess expense from rental properties	13,638	4,660
Office operations and sundry	33,068	31,700
Interest and bank charges	6,664	2,579
Telephone	10,236	9,484
Insurance	12,571	10,063
Travel	2,267	2,012
Concept planning	12,230	13,383
	514,027	483,311

The Charlottetown Area Development Corporation

Consolidated Schedule of Founders' Hall Expenses and Other Income (Expense)

For the year ended March 31, 2004

Schedule 2

	2004 $	2003 $
Founders' Hall		
Expenses		
Fuel	22,950	21,679
Heating system	3,805	1,787
Insurance	3,324	2,913
Wages and benefits	18,441	16,324
Property taxes	54,696	54,257
Water	1,170	1,349
Repairs and maintenance	7,964	9,013
Telephone	501	126
Electricity	17,010	11,836
Supplies and miscellaneous	439	968
Doubtful account	-	186,029
Amortization	127,815	132,982
	258,115	439,263
Other income (expense)		
Capital Commission – operating grant	(36,915)	(55,813)
Virtual Charlottetown – Town Square² Project		
– Infrastructure & Organization revenue	674,627	1,925,517
– Infrastructure & Organization expense	(674,627)	(1,925,517)
– Project expenses	(56,209)	(20,200)
– Subscription	(2,700)	(2,785)
Expense recovery – Virtual Charlottetown – Town Square²	49,822	14,061
Brick Campaign	-	-
Gain (loss) on sale of property and equipment	(135,000)	34,037
Capital asset maintenance program	-	-
	(181,002)	(30,700)

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East Prince Health

Financial Statements

March 31, 2004

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the Board of
East Prince Health

We have audited the balance sheet of **East Prince Health** at March 31, 2004 and the statements of revenue and expenses, cash flows and tangible capital asses for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting recommendations.

Grant Thornton LLP

Summerside, Prince Edward Island
June 7, 2004

Grant Thornton LLP
Chartered Accountants

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East Prince Health
Statement of Revenue and Expenses

Year Ended March 31	2004	2003
Revenue		
Department of Health and Social Services (Note 7)	$ 35,773,900	$ 56,602,736
Patient/client fees	221,153	1,491,391
Special projects and other (Note 8)	110,292	310,485
Donations		
Prince County Hospital Foundation Inc.	-	2,950,354
	36,105,345	61,354,966
Expenses		
Child & Family services	13,564,643	12,571,460
Long term care	11,739,116	10,763,786
Hospital services (Note 1)	2,089,000	30,331,877
Home Care	1,923,482	1,604,294
Housing services	1,718,639	1,517,486
Addiction services	1,583,714	1,496,865
Public Health	1,074,038	703,634
Community Development (Note 9)	870,021	853,292
Mental Health	865,558	523,149
Job Creation Program	353,342	317,691
Community Health Center	323,654	307,204
Interest on long term debt	138	7,351
Health Facility Planning	-	356,877
	36,105,345	61,354,966
Excess of revenue over expenses	$ -	$ -

See accompanying notes to the financial statements.

East Prince Health
Balance Sheet

March 31	2004	2003
Assets		
Current		
Cash - unrestricted	$ 819,654	$ 1,099,875
Cash - restricted (Note 3)	28,440	33,870
Receivables (Note 4)	2,929,655	7,542,832
Prepaid expenses	103,573	139,450
	3,881,322	8,816,027
Investments in bonds and certificates at cost.	-	323,784
	$ 3,881,322	$ 9,139,811
Liabilities		
Current		
Payables and accruals (Note 5)	$ 3,852,882	$ 8,985,787
Funds held in trust	28,440	33,870
Current portion of long term debt	-	17,499
	3,881,322	9,037,156
Long term debt (Note 6)	-	102,655
	3,881,322	9,139,811
	$ 3,881,322	$ 9,139,811

Commitments (Note 10)

On behalf of the Board

________________ Board Member ________________ Board Member

See accompanying notes to the financial statements.

East Prince Health
Statement of Cash Flows

Year Ended March 31	2004	2003
Increase (decrease) in cash and cash equivalents		
Operations		
Changes in		
Cash - restricted	$ 5,430	$ (410)
Accounts receivable	4,613,177	(938,640)
Prepaid expenses	35,877	55,799
Payables and accruals	(5,132,905)	1,558,191
Funds held in trust	(5,430)	410
	(483,851)	675,350
Financing		
Repayment of long term debt	(120,154)	(16,606)
Decrease in appropriated funds		(82)
	(120,154)	(16,688)
Investing		
Proceeds from expiration of bond	323,784	326,537
Purchase of investments		(323,784)
	323,784	2,753
Net (decrease) increase in cash and cash equivalents	(280,221)	661,415
Cash and cash equivalents, beginning of year	1,099,875	438,460
Cash and cash equivalents, end of year	$ 819,654	$ 1,099,875

See accompanying notes to the financial statements.

East Prince Health
Statement of Tangible Capital Assets
Year Ended March 31

					2004	2003
	Land	Pavement	Buildings	Equipment	**Total**	Total
Cost of Tangible Capital Assets						
Opening cost	$ 134,310	$ 57,666	$ 6,974,322	$ 14,413,053	**$ 21,579,351**	$ 18,579,768
Additions	-	-	-	1,104,083	**1,104,083**	2,999,583
Transfer to PHSA	(128,784)	(57,666)	(6,073,048)	(13,123,378)	**(19,382,876)**	-
Closing cost	5,526	-	901,274	2,393,758	**3,300,558**	21,579,351
Accumulated Depreciation						
Opening balance	-	57,666	4,985,152	6,842,869	**11,885,687**	11,306,489
Add: depreciation	-	-	31,470	115,593	**147,063**	579,198
Less: transfer to PHSA	-	(57,666)	(4,713,270)	(6,301,233)	**(11,072,169)**	-
Closing balance	-	-	303,352	657,229	**960,581**	11,885,687
Net Carrying Amount of Tangible Capital Assets	$ 5,526	$ NIL	$ 597,922	$ 1,736,529	**$ 2,339,977**	$ 9,693,664

East Prince Health
Notes to the Financial Statements
March 31, 2004

1. Nature of operations

East Prince Health Region, a non-profit organization, operates as "East Prince Health" under the authority of the Health and Community Services Act, Part III (the "Act").

During 2002, the government of Prince Edward Island amended the Health and Community Services Act to form the Provincial Health Services Authority (PHSA). Effective December 8, 2002, the PHSA became responsible for the financial position and operations of the Queen Elizabeth Hospital, Hillsborough Hospital, Addiction Services and the Prince County Hospital.

The Minister of Health and Social Services provided for the Prince County Hospital to continue to report under East Prince Health Region for the year ended March 31, 2003. The Prince County Hospital was reported under the PHSA effective April 1, 2003.

The core services managed by East Prince Health on behalf of residents of East Prince and the Province of P.E.I. are:

Program/Service

- Child and Family Services
- Home Care
- Housing
- Community Mental Health
- Prince County Addiction Services
- Job Creation Program
- Public Health Nursing
- Stewart Memorial Hospital
- Summerset Manor
- Wedgewood Manor
- Community Development

2. Summary of significant accounting policies

Basis of accounting

East Prince Health follows the accounting recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Revenue recognition

East Prince Health follows the deferral method of accounting for grants for special projects. Grants restricted for special projects are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

East Prince Health
Notes to the Financial Statements
March 31, 2004

2. Summary of significant accounting policies (cont'd)

Financial support overpayments

Financial support overpayments are recorded as receivable when identified with a full provision as a doubtful account. Recoveries of financial support overpayments are credited to financial support expenditures when received.

Tangible capital assets

Capital assets are recorded at cost on the Statement of Tangible Capital Assets. Amortization of capital assets is recorded on the Statement of Tangible Capital Assets using the declining balance method at the annual rate of 5% for buildings and 6.25% for equipment.

Tangible capital assets are expensed as a component of program costs in the year of acquisition. During the year, capital asset purchases of $1,104,083 (2003 - $2,999,583) were expensed. The Region received designated funding for capital purchases in the amount of $183,069 (2003 - $3,286,071) during the year.

Vacation Pay and Retirement Allowances

Vacation pay is recorded as a liability when earned. Retirement allowances are funded separately from the regular funding received from the Department of Health and Social Services.

Pension Plans

Employees of East Prince Health belong to different pension plans according to their historical workplace. Former hospital employees and all new employees since regionalization are part of the uniform pension plan for employees of all Prince Edward Island hospitals. All other employees are part of the uniform pension plan of the civil service of Prince Edward Island. The hospital pension plan is a defined benefit pension plan for basic pension contributions and a defined contribution pension plan for supplementary pension contributions. According to the most recent actuarial report dated January 1, 2003 employer contributions to the pension plan are not sufficient to meet the requirements of the plan and a pension fund deficit existed at that date. The civil service pension plan is the defined benefit pension plan of the Province of Prince Edward Island. For employees belonging to this plan, the employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of Prince Edward Island. These pension plans are not reflected in these financial statements.

East Prince Health
Notes to the Financial Statements
March 31, 2004

2. Summary of significant accounting policies (cont'd)

General

These financial statements do not include the assets, liabilities and activities of Prince County Hospital Foundation, Stewart Memorial Hospital Foundation, or the hospitals' auxiliaries.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts.

Other

East Prince Health acts as an agent for the Province of P.E.I. for the collection of revenues. During the year revenue of $3,050,227 (2003 - $3,074,515) was collected from the following areas:

- Long term Care
- Housing Services
- Home Care
- Addiction Services
- Public Health Nursing

Revenues collected are not reflected in the body of the financial statements.

3. **Cash-restricted**	**2004**	2003
Resident Trust Funds	$ 20,869	$ 24,205
Memorial Trust Funds	7,571	9,665
	$ 28,440	$ 33,870

East Prince Health
Notes to the Financial Statements
March 31, 2004

4. Receivables	2004	2003
Financial Support overpayments	$ 1,100,470	$ 1,264,943
Patients and other	1,728,005	2,920,603
Department of Health and Social Services	1,008,686	4,652,377
Due from PHSA	241,658	-
	4,078,819	8,837,923
Less: allowance for doubtful accounts	(1,149,164)	(1,295,091)
	$ 2,929,655	$ 7,542,832

5. Payables and accruals	2004	2003
Trade	$ 1,123,443	$ 2,913,982
Deferred revenue	327,922	1,052,874
Accrued salaries and benefits	2,359,452	5,018,931
Payable to Foundation	42,065	-
	$ 3,852,882	$ 8,985,787

6. Long term debt	2004	2003
5 3/8% Municipal Development Loan Board debenture, amortized to and maturing in 2008, payable in annual installments of $23,957 including interest.	$ -	$ 120,154
Less: current portion of long term debt	-	17,499
	$ -	$ 102,655

Funds are provided annually by the Department of Health and Social Services for the above repayments.

7. Department of Health and Social Services	2004	2003
Operations	$ 35,773,900	$ 56,245,857
Health Facility Planning	-	356,879
	$ 35,773,900	$ 56,602,736

East Prince Health
Notes to the Financial Statements
March 31, 2004

8. Special projects and other

During the year, East Prince Health participated in various projects and initiatives, such as the employment initiative program and home care projects whereby funding was provided by project sponsors. The related project expenditures are included in Community Development expenses.

9. **Community Development**	2004	2003
Grants to non-governmental organizations	$ 777,500	$ 777,535
Special projects and other	92,521	75,757
	$ 870,021	$ 853,292

10. Commitments

The Region is committed to the following lease payments:

243 Harbour Drive	$23,642 monthly until 2013.
Kensington Enterprise Center	$2,816 monthly until 2023.

11. Comparative figures

Certain of the figures on the 2003 financial statements have been reclassified to conform to the 2004 financial statement presentation.

EASTERN SCHOOL DISTRICT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2003

MACPHEE & MACAULAY

CHARTERED ACCOUNTANTS

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MACPHEE & MACAULAY

CHARTERED ACCOUNTANTS, P.O. BOX 70, MONTAGUE, P.E.I. C0A 1R0
TEL: (902) 838-4121 FAX: (902) 838-4802

1.

AUDITORS' REPORT

To the Board of School Trustees of
Eastern School District

We have audited the balance sheets of Eastern School District as at June 30, 2003, and the statements of revenue and expenses, operating surplus (deficit) and capital surplus for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Eastern School District as at June 30, 2003 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

October 16, 2003
Montague, Prince Edward Island

MacPhee & MacAulay
CHARTERED ACCOUNTANTS

EASTERN SCHOOL DISTRICT
BALANCE SHEET
AS AT JUNE 30, 2003

	2003 $	2002 $
Assets		
Current		
Cash	3,530,470	3,730,672
Accounts receivable	541,614	570,193
Receivable from Department of Education	-	900,000
	4,072,084	5,200,865
Capital		
Cash	2,000	2,000
Fixed assets (notes 2 and 3)	87,471,228	88,402,980
	87,473,228	88,404,980
	91,545,312	93,605,845

	2003	2002
Liabilities and surplus		
Payables and accruals		
General	3,930,948	3,924,256
Department of Education	90,861	557,798
Due to trust account	4,417	4,417
Reserve for future expenditures (note 4)	576,067	668,392
	4,602,293	5,154,863
Operating surplus (deficit)	(530,209)	46,002
	4,072,084	5,200,865
Capital		
Capital surplus	87,473,228	88,404,980
	91,545,312	93,605,845

SIGNED ON BEHALF OF THE BOARD

CHAIRPERSON

SECRETARY

EASTERN SCHOOL DISTRICT
TRUST FUNDS
BALANCE SHEET
AS AT JUNE 30, 2003

3.

	2003 $	2002 $
Assets		
Due from general account	4,417	4,417
Liability		
Trust fund liability	4,417	4,417

SIGNED ON BEHALF OF THE BOARD

______________________ **CHAIRPERSON**

______________________ **SECRETARY**

EASTERN SCHOOL DISTRICT
TRUST FUNDS
STATEMENT OF REVENUE, EXPENSES AND SURPLUS
FOR THE YEAR ENDED JUNE 30, 2003

4.

	2003 $	2002 $
Revenue		
David Fraser Memorial Trust	-	53
Miscellaneous	-	66
	-	119
Transfer to Eastern School District Education Foundation Inc.	-	(46,345)
Trust assets, beginning of year	4,417	50,643
Trust assets, end of year	4,417	4,417

EASTERN SCHOOL DISTRICT
STATEMENT OF CAPITAL SURPLUS
FOR THE YEAR ENDED JUNE 30, 2003

	2003 $	2002 $
Capital surplus, beginning of year	88,404,980	89,018,929
Add:		
School building renovations and major projects	1,209,289	1,761,117
Furniture and equipment	-	20,415
Buses and van	1,006,041	771,722
	90,620,310	91,572,183
Deduct:		
Depreciation	3,147,082	3,167,203
Capital surplus, end of year	87,473,228	88,404,980

EASTERN SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND OPERATING SURPLUS (DEFICIT) FOR THE YEAR ENDED JUNE 30, 2003

	2003 $	2002 $
Revenue		
Administration	1,234,316	1,084,028
Bus purchases	1,006,041	771,722
Instructional	1,361,248	1,325,614
Other revenue (note 5)	190,980	343,681
Projects sponsored by other sources (note 6)	116,435	504,650
Renovations and equipment	735,625	583,900
Salaries and benefits	76,986,140	74,186,079
School building renovations and major projects	1,209,289	1,781,532
School maintenance and operation	3,648,715	3,993,967
School raised funds	232,841	280,843
Transportation	1,391,268	1,318,321
Unfunded depreciation	3,147,082	3,167,203
	91,259,980	89,341,540
Expenses		
Administration (page 7)	1,087,794	1,342,708
Capital		
Bus replacement	1,006,041	771,722
Special capital projects	1,209,289	1,781,532
Instructional (page 8)	1,291,884	1,132,028
Projects sponsored by other sources (note 6)	118,922	510,719
Renovations and equipment (page 12)	554,445	1,065,795
Salaries and benefits (page 9)	76,539,546	73,603,308
School maintenance and operation (page 10)	7,579,240	6,878,075
Transportation (page 11)	2,449,030	2,209,651
	91,836,191	89,295,538
EXCESS REVENUE (EXPENSES) FOR THE YEAR	(576,211)	46,002
Operating surplus (deficit), beginning of year	46,002	(607,858)
Deficit reduction grant	-	607,858
Excess revenue (expenses) for the year	(576,211)	46,002
Operating surplus (deficit), end of year	(530,209)	46,002

EASTERN SCHOOL DISTRICT
SCHEDULE OF ADMINISTRATION EXPENSES
FOR THE YEAR ENDED JUNE 30, 2003

7.

	2003 $	2002 $
Advertising	16,916	15,867
Bank charges	287	976
Courier service	25,056	26,242
Development plan	27,354	166,343
Employee training and development	99,879	134,346
Graduation	8,391	27,900
Insurance	97,013	96,673
Meetings	33,480	30,736
Miscellaneous	27,741	7,412
Office supplies	82,159	99,930
Photocopying	17,930	28,447
Postal services	26,158	30,229
Professional services	130,802	174,004
Public, staff and student relations	13,362	18,011
Telephone	201,600	215,509
Travel	175,762	167,655
Trustees remuneration	43,810	54,859
Trustee travel and other	60,094	47,569
	1,087,794	1,342,708

EASTERN SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2003

8.

	2003	2002
	$	$
Academic supplies	216,604	214,851
Art	30,126	24,002
Career exploration		
Advanced communications	1,929	-
Automotive technology	13,403	6,237
Business and information	-	16,722
Child care	942	345
Communications and the arts	18,255	19,811
Construction and manufacturing	27,176	25,803
Drafting/design technology	1,210	254
Fashion	981	-
Food service	3,261	2,359
People and service industry	2,873	4,355
Computer literacy	8,863	13,961
Duplicating supplies	390,322	250,751
English and language arts	6,267	4,154
Equipment maintenance and repairs	63,274	63,576
French	4,874	3,664
Guidance and resource	6,320	5,886
Home economics and family living	30,940	26,603
Industrial arts	57,378	58,948
Library and resource centres	106,681	105,260
Music	29,451	31,349
Miscellaneous	84,043	81,965
Physical education	80,678	61,680
Psychologists	4,284	3,901
Science	41,298	34,887
Special education	6,429	15,300
Special projects	3,496	2,458
Vocational education		
Carpentry	6,634	10,896
Motor vehicle repair	19,061	21,840
Welding	24,831	20,180
Other vocational and prevocational courses	-	30
	1,291,884	1,132,028

EASTERN SCHOOL DISTRICT
SCHEDULE OF SALARIES AND BENEFITS EXPENSES
FOR THE YEAR ENDED JUNE 30, 2003

9.

	2003	2002
	$	$
Board instructional salaries	623,808	711,557
Board supervisory salaries	848,582	802,093
Instructional salaries	51,328,147	49,041,294
Maintenance and operation salaries	4,449,603	4,332,686
School administrative salaries	6,908,071	7,067,228
Secretarial and clerical	2,934,166	2,801,787
Teacher assistant salaries	5,125,120	4,645,589
Transportation salaries	4,322,049	4,201,074
	76,539,546	73,603,308

NOTE:

Board instructional salaries include consultants, psychologists and board based temporary assignments.

Board supervisory salaries include superintendent, directors, maintenance supervisor and transportation supervisor.

Instructional salaries include all teaching staff exclusive of board supervisory, board instructional, board temporary and school administrative.

Maintenance and operation salaries include custodial, cleaning and maintenance staff.

School administrative salaries include principals, vice-principals and department heads.

Secretarial and clerical salaries include board office secretarial and clerical and school based secretarial staff.

Teacher assistant salaries include all teacher assistant positions.

Transportation salaries include bus depot and bus driver staff.

EASTERN SCHOOL DISTRICT
SCHEDULE OF SCHOOL MAINTENANCE AND OPERATION EXPENSES
FOR THE YEAR ENDED JUNE 30, 2003

10.

	2003 $	2002 $
Annual cleaning	13,448	49,025
Building repairs	552,837	656,233
Electricity	1,361,371	1,293,123
Employee allowances	10,418	11,029
Equipment repairs	38,460	51,879
Fire dues	40,125	29,023
Freight	(552)	2,482
Fuel	1,761,331	1,198,289
Insurance	160,997	104,837
Janitorial supplies	282,522	233,986
Maintenance of grounds	50,107	81,908
Miscellaneous	6,378	15,613
Non-capital equipment	7,365	11,584
Occupational health & safety	89,673	2,303
Playground repairs	61,427	48,986
Property taxes	6,512	15,877
Rentals	93,454	46,516
Service contracts	18,730	5,942
Service vehicle	12,753	10,055
Sewer and water	145,387	130,147
Snow removal	203,128	176,440
Waste disposal	205,669	134,109
	5,121,540	4,309,386
Depreciation		
School buildings	2,107,481	2,130,915
Furniture and equipment	350,219	437,774
	7,579,240	6,878,075

EASTERN SCHOOL DISTRICT
SCHEDULE OF TRANSPORTATION EXPENSES
FOR THE YEAR ENDED JUNE 30, 2003

11.

	2003	2002
	$	$
Bus parts and supplies	650,204	631,347
Communications	23,372	19,670
Contracted services	174,486	184,126
Employee allowances	16,593	15,701
Equipment repairs and maintenance	13,779	7,275
Extra-curricular transportation	54,687	43,635
Fuel	644,915	563,134
Insurance	117,442	94,462
Miscellaneous	6,799	7,000
Non-capital equipment	2,031	5,624
Service vehicle	1,760	2,805
Snow removal	48,454	34,819
Supplies	5,126	1,539
	1,759,648	1,611,137
Depreciation		
Buses	689,382	598,514
	2,449,030	2,209,651

EASTERN SCHOOL DISTRICT
SCHEDULE OF RENOVATIONS AND EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 2003

12.

	2003 $	2002 $
Audio-visual equipment	72,740	57,736
Building repairs and renovations	86,663	448,940
Classroom furniture and equipment	41,085	102,510
Communications equipment	6,489	9,892
Computer equipment	45,663	134,751
Drapes	-	70,359
Lab equipment	688	8,984
Miscellaneous equipment	33,049	43,504
Musical instruments	51,397	42,377
Office furniture and equipment	166,615	40,559
Paving and grounds maintenance	1,527	7,667
Playground equipment	48,529	98,516
	554,445	1,065,795

EASTERN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

1. Nature Of Organization

The Eastern School District is a not-for-profit organization whose purpose is to provide quality education for the children in its district. The District is governed under the terms of the Prince Edward Island School Act and is managed by a Board of School Trustees.

2. Significant Accounting Policies

A. Fixed Assets

Land, buildings, furniture and equipment are recorded at values carried in the accounts of the former School Boards as at June 30, 1972, with subsequent additions at cost. Buses are recorded at cost.

Commencing on July 1, 1995 the policy for capitalization of buildings and equipment was changed such that only purchases which exceed $25,000 are capitalized in the Capital Fund. The capital expenditures and related capital grants continue to be reported on the Statement of Revenue, Expenses and Operating Surplus (Deficit). Schools constructed and renovated by the Prince Edward Island Department of Public Works and school buses purchased by the Provincial Government are recorded as fixed assets in the capital fund when title is passed.

Depreciation is calculated as follows:

Item	Method	Annual Rate
Buildings	Declining Balance	2 1\2%
Equipment	Declining Balance	20%
School Buses	Straight Line	12%
Used School Buses and Vans	Straight Line	24%

B. The financial statements have been prepared in accordance with accounting policies adopted by the Prince Edward Island School Boards. These policies conform in all material respects with generally accepted accounting principles with the following exceptions:

(i) Bus parts inventory and classroom supplies on hand at June 30, 2003 have not been reflected on the balance sheet. All such parts and supplies are expensed when purchased.

(ii) Revenue and expenditures associated with pension contributions, deferred salaries and retirement allowances are not recognized until they become due and payable.

C. Pension Plans

Instructional employees of the District are members of defined benefit pension plans of the Province of Prince Edward Island. The expense of the District is limited to current year contributions as any shortfall in funding of the pension plans is the responsibility of the Province of Prince Edward Island. In addition, the Province of Prince Edward Island provides an annual grant to fund the District's portion of contributions to the pension plan.

EASTERN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

2. Significant Accounting Policies (cont'd)

D. Accrued Vacation Pay

No liability has been recorded in these financial statements for accrued but unpaid vacation pay and service gratuities. As a result of regular staff retirement for the current year, service gratuities of $901,956 were due at June 30, 2003. The District receives direct funding from the Province of Prince Edward Island on an annual basis to cover such costs.

E. Trust Funds

Trust funds and interest earned by the funds are disbursed under the terms provided by the contributors. Trust funds totalling $46,345 were transferred to the Eastern School District Education Foundation Inc. in 2002.

3. Fixed Assets

	2003			2002
	Cost	Accumulated Depreciation	Net	Net
	$	$	$	$
Land	1,000,931	-	1,000,931	1,000,931
Buildings	120,267,517	38,060,014	82,207,503	83,105,693
Furniture and equipment	16,539,909	15,139,034	1,400,875	1,751,095
Buses	12,329,136	9,467,217	2,861,919	2,545,261
	150,137,493	62,666,265	87,471,228	88,402,980

4. Reserve For Future Expenditures

	2003	2002
	$	$
New construction	73,875	225,000
School program purchases	431,200	178,006
School bus purchases	23,968	221,878
Other	47,024	43,508
	576,067	668,392

5. Other Revenue

	2003	2002
	$	$
Investment income	698	40,554
Rentals	189,046	304,944
Sundry	1,236	(1,817)
	190,980	343,681

6. Projects Sponsored By Other Sources

For the year ended June 30, 2003 the Revenue and Expenses for Projects Sponsored By Other Sources consisted of the following:

	Revenue $	Expenses $
Youth Outreach	57,544	58,599
Students at Risk	58,891	60,323
	116,435	118,922

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French Language School Board
Financial Statements

June 30, 2003

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Trustees of
French Language School Board

We have audited the operating and capital fund balance sheets of French Language School Board as at June 30, 2003 and the statements of revenue, expenses and operating surplus and changes in investment in capital assets for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles applied by Prince Edward Island School Boards.

Grant Thornton LLP

Summerside, Prince Edward Island
October 2, 2003

Grant Thornton LLP
Chartered Accountants

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French Language School Board
Statements of Revenue, Expense and Operating Surplus

Year Ended June 30	2003	2002
Revenue		
Grants		
Administration	$ 216,600	$ 117,030
Capital additions	23,300	32,900
Maintenance and operation	293,322	274,298
Program	44,200	40,600
Salaries and benefits	4,464,989	4,041,300
Transportation	90,179	67,125
Other revenue (Note 3)	278,412	356,019
Unfunded depreciation on property and equipment	337,532	223,695
	5,748,534	5,152,967
Expenses		
Administration (page 9)	253,603	216,607
Maintenance and operation (page 10)	361,817	299,653
Minority program (page 11)	12,703	15,617
Non-capital equipment (page 12)	60,675	70,101
Program (page 13)	46,518	42,541
Salaries and benefits (page 14)	4,503,169	4,168,563
Transportation (page 15)	166,942	117,187
Unfunded depreciation on property and equipment	337,532	223,695
	5,742,959	5,153,964
Surplus (deficiency) of revenue over expenses	$ 5,575	$ (997)

	2003	2002
Operating surplus, beginning of year	$ 58,945	$ 59,942
Surplus (deficiency) of revenue over expenses	5,575	(997)
Operating surplus, end of year	$ 64,520	$ 58,945

See accompanying notes to the financial statements.

French Language School Board
Balance Sheet - Operating Fund

June 30	2003	2002
Assets		
Current		
Cash and short term deposits	$ 105,617	$ 274,097
Receivables	212,791	177,506
Prepaids	73,770	-
	$ 392,178	$ 451,603
Liabilities		
Payables and accruals		
General	$ 45,266	$ 47,475
Salaries and benefits	20,211	18,515
Province of Prince Edward Island (Note 4)	11,955	272,839
Deferred revenue (Note 5)	250,226	53,829
	327,658	392,658
Surplus		
Operating surplus	64,520	58,945
	$ 392,178	$ 451,603

Approved on behalf of the Board

____________________ Board Chairman

____________________ Board Secretary

See accompanying notes to the financial statements.

French Language School Board
Balance Sheet - Capital Fund

June 30	**2003**	2002
Assets		
Property and equipment (Note 6)	**$ 9,595,014**	$ 4,964,827
Equity		
Investment in capital assets (page 5)	**$ 9,595,014**	$ 4,964,827

Approved on behalf of the Board

____________________ Board Chairman

____________________ Board Secretary

See accompanying notes to the financial statements.

French Language School Board
Statement of Changes in Investment in Capital Assets

Year Ended June 30	2003	2002
Balance, beginning of year	$ 4,964,827	$ 3,827,511
Add:		
Purchase of:		
Land	-	256,950
Buildings and improvements	4,889,723	575,150
Buses & equipment	77,996	528,911
	9,932,546	5,188,522
Deduct:		
Depreciation		
Buildings	223,315	103,664
Furniture and equipment	73,004	85,887
Buses	41,213	34,144
	337,532	223,695
Balance, end of year	$ 9,595,014	$ 4,964,827

See accompanying notes to the financial statements.

French Language School Board
Notes to the Financial Statements

Year Ended June 30, 2003

1. Nature of operations

The Board operates as a not-for-profit organization that provides for primary and secondary education requirements for people within their jurisdiction, in Prince Edward Island.

2. Summary of significant accounting policies

Property and equipment

Property and equipment are recorded at values carried in the accounts of the former School Boards as at June 30, 1972, with subsequent additions at cost. Buses are recorded at cost.

Only those purchases which exceed $25,000 are capitalized in the Capital Fund. The total capital expenditures and related capital grants are reported on the Statement of Revenue, Expenses and Operating Surplus.

Schools constructed and renovated by the Prince Edward Island Department of Public Works and buses purchased by the Provincial Government are recorded as property and equipment in the capital fund when title is passed.

Depreciation

Depreciation is calculated on the diminishing balance basis for buildings at a rate of 2 1/2% per annum and for furniture and equipment at 15% per annum. Depreciation is calculated on the straight line basis for buses at 12% per annum.

Unfunded depreciation on property and equipment

Unfunded depreciation on property and equipment is a revenue amount offsetting depreciation expense. The Department of Education does not fund depreciation on a current basis.

Commitments

Included in payables and accruals are outstanding commitments totalling $335 (2002 - $7,518). These amounts relate to the current year school budget for goods and services to be received or provided subsequent to year end.

Deferred revenue

The unexpended portion of grants received for specific purchases and programs are deferred and used for the related future purchases and programs.

French Language School Board
Notes to the Financial Statements
Year Ended June 30, 2003

2. Summary of significant accounting policies (cont'd)

Pension plans

Instructional employees of the Board are members of defined benefit pension plans of the Province of Prince Edward Island. The expense of the Board is limited to current year contributions as any shortfall in funding of the pension plan is the responsibility of the Province of Prince Edward Island. Non-instructional employees are members of a defined benefit / defined contribution pension plan. The expense of the Board is limited to a matching contribution equal to the employee's portion. In addition, the Province of Prince Edward Island provides grants to fund the Board's portion of contributions to the pension plan.

Vacation pay and service gratuities

No liability has been recorded in these financial statements for accrued but unpaid vacation pay and service gratuities. The Board receives direct funding from the Province of P.E.I. on an annual basis to cover such costs.

3. Other revenue

	2003	2002
Grant - French monitor program	$ 34,208	$ 47,762
Grant - New school projects	-	148,600
Grant - Capital funding Summerside	5,675	4,671
Grant - Bursaries	2,000	2,000
Grant - Inservice	1,600	1,600
Grant - Grassroots program	1,848	-
Interest and other	5,769	5,124
Recoverable salaries	23,069	11,897
Recoverable costs		
- Community Component	186,073	127,125
- Other	9,550	-
Rentals and other	8,620	7,240
	$ 278,412	$ 356,019

French Language School Board
Notes to the Financial Statements
Year Ended June 30, 2003

4. Province of Prince Edward Island	**2003**	2002
Salaries and benefits	**$ 11,955**	$ 272,839

5. Deferred revenue	**2003**	2002
Funds designated for		
Bus driver training	**$ 500**	$ 1,000
Capital funding - Summerside	**-**	18,329
Grass roots program	**11,652**	13,500
Crime prevention federal program	**21,000**	21,000
Salary & Maintenance	**143,304**	-
Capital – school servers	**73,770**	-
	$ 250,226	$ 53,829

6. Property and equipment			**2003**	2002
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 289,226	-	**$ 289,226**	$ 289,226
Buildings and improvements	10,675,179	$ 1,965,904	**8,709,275**	4,042,867
Furniture and equipment	1,161,981	748,292	**413,689**	486,693
Buses	585,637	402,813	**182,824**	146,041
	$ 12,712,023	$ 3,117,009	**$ 9,595,014**	$ 4,964,827

French Language School Board
Schedule of Administration Expense

Year Ended June 30

	2003	2002
Advertising	**$ 12,720**	$ 11,532
Board member remuneration	**30,092**	29,446
Board member travel and other	**24,795**	19,183
French promotion	**24,618**	25,984
Miscellaneous	**3,642**	3,167
Office supplies	**15,538**	9,060
Postal services and expenses	**6,280**	5,542
Professional services	**21,143**	23,051
Public and staff relations	**2,885**	4,421
Service contracts	**54,507**	22,818
Special education	**388**	2,991
Telephone	**26,257**	26,569
Travel	**30,738**	32,843
	$ 253,603	$ 216,607

French Language School Board
Schedule of Maintenance and Operation Expense

Year Ended June 30	2003	2002
Annual cleaning	$ 949	$ 1,057
Building repairs	29,833	25,228
Electricity	113,979	79,254
Equipment repairs	2,498	5,589
Fuel	105,311	57,989
Garbage, water and sewage	24,167	16,632
Insurance	12,290	10,868
Janitorial supplies	13,047	24,087
Maintenance and grounds	21,632	14,148
Miscellaneous	766	866
Rental - classroom	27,780	47,896
Service contract	-	5,079
Snow removal	9,565	10,960
	$ 361,817	$ 299,653

French Language School Board
Schedule of Minority Program Expense

Year Ended June 30	**2003**	2002
Cultural activities	**$ 169**	$ 7,030
French library	**3,156**	3,481
Inclusion project	**1,848**	77
Miscellaneous	**4,325**	1,263
Travel	**3,205**	3,766
	$ 12,703	$ 15,617

French Language School Board
Schedule of Non-capital Equipment

Year Ended June 30	2003	2002
Audio visual equipment	$ **5,206**	$ 5,081
Building renovations	**22,050**	10,036
Classroom/program furniture	**13,146**	13,365
Computer equipment - admin.	**8,260**	9,093
Computer equipment - program	**-**	691
Computer equipment - school	**151**	2,853
Musical equipment	**3,853**	1,252
Office/admin. furniture	**987**	2,322
Physical education equipment	**-**	3,927
Plant equipment	**6,818**	5,822
School bus	**204**	15,659
	$ **60,675**	$ 70,101

French Language School Board
Schedule of Program Expense

Year Ended June 30

	2003	2002
A V equipment	**$ 239**	-
Academic supplies	**13,457**	$ 9,513
Computer	**2,380**	1,196
Cultural activities	**274**	1,170
Industrial arts	**1,330**	2,011
Library	**3,490**	2,215
Miscellaneous	**3,138**	1,981
Music	**1,006**	853
Photocopying	**12,067**	16,289
Physical education	**3,822**	5,576
Science	**5,315**	1,737
	$ 46,518	$ 42,541

French Language School Board
Schedule of Salaries and Benefits Expense

Year Ended June 30	2003	2002
Administrative positions	$ 533,127	$ 498,354
Board supervisory	154,896	146,702
Federally funded	35,655	31,167
Maintenance and operation	361,269	303,550
Professional development	8,365	6,399
Provincially funded	30,943	51,830
Secretarial and clerical	124,580	125,407
Teacher assistants	184,857	166,072
Teachers	2,852,617	2,646,936
Transportation	216,860	192,146
	$ 4,503,169	$ 4,168,563

Note:

Administrative positions salaries include principals, vice-principals, and consultants.

Board supervisory salaries include superintendent and business supervisor.

Federally funded salaries include the salaries for the French Monitor Program.

Maintenance and operations salaries include janitorial staff.

Secretarial and clerical salaries include board office secretarial and school secretarial staff.

Teachers' salaries include all teaching staff excluding those listed above.

Transportation salaries include bus driver staff.

French Language School Board
Schedule of Transportation Expenses

Year Ended June 30	2003	2002
Contract services	$ 87,478	59,384
Employee allowances	1,332	300
Extracurricular	8,117	7,536
Gas and oil	42,824	29,336
Insurance	5,908	4,384
Miscellaneous	742	234
Repairs	20,541	16,013
	$ 166,942	$ 117,187

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Island Investment Development Inc.

Consolidated Financial Statements
March 31, 2004

ARSENAULTBESTCAMERONELLIS
CHARTERED ACCOUNTANTS

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June 9, 2004

Auditors' Report

To the Board of Directors of
Island Investment Development Inc.

We have audited the consolidated balance sheet of **Island Investment Development Inc.** as at March 31, 2004 and the consolidated statements of earnings, retained earnings (deficit) and cash flows for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

Island Investment Development Inc.

Consolidated Balance Sheet

As at March 31, 2004

	2004 $	2003 $
Assets		
Current assets		
Cash and short-term investments (quoted market value – $7,871,575; 2003 – $17,514,267)	7,587,440	17,243,251
Accounts receivable (note 8)	958,614	1,135,838
Accrued interest receivable (note 8)	295,735	504,238
Prepaid expenses	25,000	-
Current portion of advances to escrow agent	440,000	2,950,000
Current portion of notes receivable	9,389,200	14,124,200
	18,695,989	35,957,527
Funds held in trust (note 3)	5,536,672	1,329,278
Advance to escrow agent, less current portion (note 8)	1,585,000	2,650,000
Notes receivable, less current portion (note 4)	24,927,568	17,283,000
Deferred financing costs (note 5)	1,171,838	1,079,427
	51,917,067	58,299,232
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	90,167	65,583
Short-term note payable (note 6)	5,500,000	-
Current portion of accrued interest payable	282,749	878,096
Current portion of long-term debt	6,156,132	20,750,000
	12,029,048	21,693,679
Funds held in trust (note 3)	5,536,672	1,329,278
Accrued interest payable, less current portion (note 8)	535,117	634,225
Long-term debt, less current portion (note 7)	34,141,300	34,637,689
	52,242,137	58,294,871
Retained earnings (deficit)	(325,070)	4,361
	51,917,067	58,299,232

Approved by the Board of Directors

______________________ Director ______________________ Director

Island Investment Development Inc.

Consolidated Statement of Retained Earnings (Deficit)

For the year ended March 31, 2004

	2004 $	2003 $
Retained earnings (deficit) – Beginning of year	4,361	(202,255)
Net earnings (loss) for the year	(329,431)	206,616
Retained earnings (deficit) – End of year	(325,070)	4,361

Island Investment Development Inc.

Consolidated Statement of Earnings

For the year ended March 31, 2004

	2004 $	2003 $
Revenue		
Investment income (note 8)	2,145,986	2,790,344
Provincial Nominee Program fees	224,990	86,390
	2,370,976	2,876,734
Expenses		
Wages	186,418	162,968
Management fees (note 8)	150,000	152,600
Interest and bank charges (note 8)	14,875	24,197
Interest on long-term debt	343,128	706,627
Professional fees	25,728	101,021
Office	12,665	21,675
Equipment	5,482	5,373
Provision for possible losses	995,582	567,600
Consulting fees	24,112	56,776
Travel	10,128	12,868
Grants to private company	11,708	-
Grant – PEI Trade and Development Inc.	100,000	100,000
Amortization	820,581	758,413
	2,700,407	2,670,118
Net earnings (loss) for the year	(329,431)	206,616

Island Investment Development Inc.

Consolidated Statement of Cash Flows

For the year ended March 31, 2004

	2004 $	2003 $
Cash provided for (used in)		
Operating activities		
Net earnings (loss) for the year	(329,431)	206,616
Items not affecting cash		
Amortization	820,581	758,413
Provision for possible losses	995,582	567,600
	1,486,732	1,532,629
Net change in non-cash working capital items		
– decrease in accounts receivable	177,224	1,011,184
– decrease in accrued interest receivable	208,503	564,275
– increase in prepaid expenses	(25,000)	-
– increase (decrease) in accounts payable and accrued liabilities	24,584	(133,816)
– decrease in accrued interest payable	(694,455)	(2,905,318)
	(309,144)	(1,463,675)
	1,177,588	68,954
Investing activities		
Decrease (increase) in notes receivable - net	(3,905,150)	21,605,000
Decrease (increase) in deferred financing costs	(912,992)	60,719
	(4,818,142)	21,665,719
Financing activities		
Decrease in advance to escrow agent	3,575,000	3,850,000
Increase in short-term note payable	5,500,000	-
Decrease in long-term debt – net	(15,090,257)	(25,654,898)
	(6,015,257)	(21,804,898)
Net change in cash and short-term investments	(9,655,811)	(70,225)
Cash and short-term investments – Beginning of year	17,243,251	17,313,476
Cash and short-term investments – End of year	7,587,440	17,243,251

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

1 Basis of presentation

Consolidation

These financial statements include the operations of Island Investment Development Inc. and its three wholly-owned subsidiaries, Prince Edward Island Government Economic Development Fund (No. IV) Inc., Prince Edward Island Government Economic Development Fund (No. V) Inc., and Prince Edward Island Century 2000 Fund Inc.

Corporate status

The company is a crown corporation established under the provisions of the Island Investment Development Inc. Act (formerly the Enterprise P.E.I. Act) and is therefore a non-taxable entity under the provisions of the *Income Tax Act*.

The company is the corporate administrator of government-administered venture capital funds in the Province of Prince Edward Island with its purpose to invest in active business operations. The investments are made in typically new or expanding companies, and as such, there is a significant degree of credit risk. Credit risk is defined as the risk that the note holder will fail to discharge an obligation in whole or in part resulting in a financial loss to this company.

The company administers the Prince Edward Island Provincial Nominee Program on behalf of the Province of Prince Edward Island, and charges applicants under the program a fee to process the application received.

2 Summary of significant accounting policies

Short-term investments

Short-term investments are recorded at cost.

Notes receivable

The notes receivable are recorded at cost with interest recorded on an accrual basis. When there is an identifiable long-term permanent decline in value, the investments will be written down to their estimated fair value. Any write downs or losses on disposal are recorded in the year they occur.

Revenue recognition

Provincial Nominee Program fees are recorded as revenue when received.

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

Fair value of financial instruments

Fair value is subjective in nature requiring a variety of valuation techniques and assumptions. Some of the company's financial instruments are not exchangeable and it is difficult, and often not practical, to determine their fair value. Where it is possible to estimate fair value, we assume that we will not sell the assets or the liabilities, taking into account only changes in credit risk as credit risk is the main cause of change in the fair value of our financial instruments.

Provision for possible losses

Any increase (decrease) in the provision for possible losses on the notes receivable is recorded in the statement of earnings.

Specific provision

A provision is recorded for specific loans to reduce their book value to an amount expected to be recovered from the loans in the event of an impairment in value. A variety of methods are used to determine the amount expected to be recovered from impaired loans including estimated future cash flows and the estimated fair value of the underlying security and value of any collateral security taken. The specific provision at March 31, 2004 is $3,103,600 (2003 – $2,576,800)

General provision

A general provision is recorded for notes receivable on the basis that not all of the impairment in the notes receivable can be specifically identified. The general provision of $1,559,182 (2003 – $1,416,000) is based on past performance of similar loans, the level of the specific provision, management's judgement and the maturity and financial strength of the investee.

An impaired loan is a loan where, in management's opinion, there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

Non-performing loans

A non-performing loan is a loan where required payments of principal or interest have ceased and, in management's opinion, there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest. The company does not accrue interest on non-performing loans from the date that it is identified as non-performing.

Property and equipment

It is the company's policy to expense items of furniture and equipment in the year in which they are acquired.

Deferred financing costs

The costs incurred in obtaining financing have been capitalized and are being amortized using the straight-line basis over sixty months, commencing when projects have been approved and loans to borrowers drawn down.

Island Investment Development Inc.

Notes to Consolidated Financial Statements
March 31, 2004

Escrow agreement

Escrow Agent

Under the terms of an escrow agreement, subscription funds tendered by investors in Prince Edward Island Government Economic Development Fund (No. IV) Inc., (Fund IV) and Prince Edward Island Government Economic Development Fund (No. V) Inc. (Fund V) are held in trust by the escrow agent, Corporate Services Ltd., until the commencement date or until the funds are returned to the investor in the event that the investor's subscription has not been accepted.

Disbursement of Subscription Proceeds Fund IV and Fund V

For all subscription proceeds of Fund IV and Fund V, the escrow agent disbursed the subscription proceeds at the commencement date as follows:

- advanced 70% of subscription proceeds to Fund IV and Fund V to be invested in approved projects;
- advanced 10% of subscription proceeds to Fund IV and Fund V to be used to cover offering and operating costs;
- establish a repayment account by investing 20% of the subscription proceeds in high yield secure instruments as a contingency for repayment of rejected investors.

Interest on long-term debt

Interest expense on the notes payable is accrued from the date of the closing. Interest paid to refunded investors is calculated from the date funds are deposited by the escrow agent.

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Island Investment Development Inc.

Notes to Consolidated Financial Statements
March 31, 2004

3 Funds held in trust

Funds held in trust consist of:

	2004 $	2003 $
Amounts held under the Prince Edward Island Provincial Nominee Program – Good Faith deposits	3,627,647	825,175
Amounts held under the Prince Edward Island Provincial Nominee Program to be invested in local businesses	1,120,230	504,103
Amounts due to investors in Island Fund IV	788,795	-
	5,536,672	1,329,278

a) Certain applicants under the Prince Edward Island Provincial Nominee Program have entered into a good faith deposit agreement with the company. Under this agreement, each applicant deposits $25,000 in trust for a period of one year from the date the applicant is granted permanent resident status by the Government of Canada. At the end of this period, the deposit is returned to the applicant, plus interest, provided the applicant provides evidence that the conditions set out in the agreement have been met. In the case that the applicant does not meet the conditions for repayment, the company will record the deposit amount, plus accrued interest, as revenue in the fiscal year in which the deposit period ends.

b) Funds received by the company from applicants under the Prince Edward Island Provincial Nominee Program to be invested in a local business, totalling $1,120,230 as at March 31, 2004 (2003 – $504,103) on behalf of eleven applicants (2003 – five), are held in trust by Island Investment Development Inc. until the applicants are approved and the funds are disbursed for investment.

c) The company is holding in trust at March 31, 2004 cash and short-term investments of $788,795 (2003 – nil) on behalf of three (2003 – nil) investors that had notes payable issued by Fund IV, which came due during 2004. The funds are being held by Fund IV until such time as the investor requests payment. All interest earned on the funds held in trust accrues to the benefit of Fund IV.

Interest earned on funds held in trust is not recorded by the company in funds held in trust.

4 Notes receivable

	2004 $	2003 $
4% note receivable, due March 18, 2004, with interest receivable quarterly beginning June 30, 1999. Subsequent to March 18, 2004, the note bears interest at prime + 3% (increasing by 1% for each incremental 30-day period after March 18, 2004) and is due on demand with interest payable monthly beginning March 31, 2004	5,500,000	5,500,000
4% note receivable, due September 13, 2004, with interest receivable quarterly beginning December 31, 1999	2,000,000	2,000,000
4% note receivable, due February 10, 2005, with interest receivable quarterly beginning March 31, 2000	1,470,000	1,470,000

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

4% note receivable, due March 23, 2005, with interest receivable quarterly beginning June 30, 2000	1,050,000	1,050,000
4% note receivable, due April 12, 2005, with interest receivable quarterly, beginning June 30, 2000	2,100,000	2,100,000
4% note receivable, due May 9, 2005, with interest receivable quarterly, beginning June 30, 2000	2,560,000	2,560,000
4% note receivable, due August 4, 2005, with interest receivable quarterly, beginning September 30, 2000	525,000	525,000
4% note receivable, due December 1, 2005, with interest receivable quarterly, beginning December 31, 2000	350,000	350,000
4% note receivable, due December 1, 2005, with interest receivable quarterly, beginning December 31, 2000	1,400,000	1,400,000
4% note receivable, due December 22, 2005, with interest receivable quarterly, beginning December 31, 2000	1,300,000	1,300,000
4% note receivable, due November 19, 2006, with interest receivable quarterly, beginning December 31, 2001	875,000	875,000
4% note receivable, due March 18, 2007, with interest receivable quarterly, beginning June 30, 2002	750,000	750,000
4% note receivable, due May 28, 2006, with interest receivable quarterly, beginning September 30, 2001	850,000	850,000
4% note receivable, due December 27, 2006, with interest receivable quarterly, beginning March 31, 2002	250,000	250,000
4% note receivable, due March 28, 2007, with interest paid monthly for the first six months beginning April 2002 to September 2002 then interest paid quarterly beginning December 31, 2002	675,000	750,000
4% note receivable, due May 28, 2006, with interest receivable quarterly, beginning September 30, 2001	930,000	930,000
4% note receivable, due November 19, 2006, with interest receivable quarterly, beginning December 31, 2001	1,225,000	1,225,000
4% note receivable, due October 31, 2007, repayable in annual instalments including principal and interest each October 31 of $105,200 in 2004, $182,400 in 2005, $326,400 in 2006 and $374,400 in 2007	880,000	900,000
4% note receivable, due February 18, 2008, with interest paid quarterly beginning March 31, 2003	525,000	525,000
4% note receivable, due February 18, 2008, with interest paid quarterly beginning March 31, 2003	220,000	220,000
4% note receivable, due April 1, 2008, with interest paid quarterly beginning June 2003 and principal payments due each April 1 of $100,000 in 2005, $200,000 in 2006, $300,000 in 2007 and $400,000 in 2008	1,000,000	-
4% note receivable, due June 2, 2008, with interest paid semi-annually beginning December 31, 2003	4,133,550	-
4% note receivable, due October 10, 2008, with interest paid quarterly beginning October 31, 2004	2,200,000	-
4% note receivable, due November 2008, with interest paid quarterly beginning June 30, 2004, and principal payments due each November 30 starting in 2005 of $1,250,000, with the balance due at maturity	6,211,000	-
4% notes receivable, repaid during the year	-	9,870,000
	38,979,550	35,400,000

The $6,211,000 note receivable is due from Prince Edward Island Business Development Inc., a provincial crown corporation.

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

The $2.200,000 note receivable is due from Atlantic Technology Centre Inc.. a subsidiary of a provincial crown corporation.

The notes receivable are invested in the following business sectors:

	2004					2003
	Total **$**	**Impaired loans included in total** **$**	**General provision** **$**	**Specific Provision** **$**	**Net** **$**	**Net** **$**
Tourism	8.750.000	5,500,000	350.000	300,000	8.100.000	8.400.000
Shipbuilding	4.133.550	-	165.342	-	3.968.208	-
Technology	3.080.000	-	123.200	-	2.956.800	864.000
Manufacturing and processing	15,831.000	3.050,000	633.240	1.260.000	13.937.760	9.647.200
Agriculture	2.560.000	2,560,000	102.400	1.433.600	1,024,000	3.299.000
Small business	2.875.000	-	115.000	-	2.760.000	8.477,000
Aerospace	1.750.000	1,000,000	70.000	110.000	1.570.000	720.000
	38.979.550	12,110,000	1.559,182	3,103,600	34.316.768	31.407,200
Less: Current portion	10.090.000	5,500,000	400.800	300,000	9.389.200	14.124.200
	28.889.550	6,610,000	1.158.382	2.803.600	24.927.568	17.283.000

Included in impaired loans balance in the agriculture sector is a non-performing loan of $2.560,000.

5 Deferred financing costs

	2004			2003
	Cost **$**	**Accumulated Amortization** **$**	**Net** **$**	**Net** **$**
Island Fund IV Placement and escrow fees	2.475.398	2.287.128	188.270	516.954
Island Fund V Placement and escrow fees	1,309,714	1.041.788	267.926	562.473
Century Fund 2000 Facilitator commissions	974.867	259.225	715.642	-
	4.759.979	3.588.141	1.171.838	1.079.427

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

The $2,200,000 note receivable is due from Atlantic Technology Centre Inc., a subsidiary of a provincial crown corporation.

The notes receivable are invested in the following business sectors:

					2004	2003
	Total $	Impaired loans included in total $	General provision $	Specific Provision $	Net $	Net $
Tourism	8,750,000	5,500,000	350,000	300,000	8,100,000	8,400,000
Shipbuilding	4,133,550	-	165,342	-	3,968,208	-
Technology	3,080,000	-	123,200	-	2,956,800	864,000
Manufacturing and processing	15,831,000	3,050,000	633,240	1,260,000	13,937,760	9,647,200
Agriculture	2,560,000	2,560,000	102,400	1,433,600	1,024,000	3,299,000
Small business	2,875,000	-	115,000	-	2,760,000	8,477,000
Aerospace	1,750,000	1,000,000	70,000	110,000	1,570,000	720,000
	38,979,550	12,110,000	1,559,182	3,103,600	34,316,768	31,407,200
Less: Current portion	10,090,000	5,500,000	400,800	300,000	9,389,200	14,124,200
	28,889,550	6,610,000	1,158,382	2,803,600	24,927,568	17,283,000

Included in impaired loans balance in the agriculture sector is a non-performing loan of $2,560,000.

5 Deferred financing costs

			2004	2003
	Cost $	Accumulated Amortization $	Net $	Net $
Island Fund IV Placement and escrow fees	2,475,398	2,287,128	188,270	516,954
Island Fund V Placement and escrow fees	1,309,714	1,041,788	267,926	562,473
Century Fund 2000 Facilitator commissions	974,867	259,225	715,642	-
	4,759,979	3,588,141	1,171,838	1,079,427

Island Investment Development Inc.

Notes to Consolidated Financial Statements
March 31, 2004

6 Short-term note payable

	2004 $	2003 $
Prime + 3% demand note, interest payable monthly beginning March 31, 2004. The effective interest rate on the note increases by 1% for each incremental 30-day period after March 18, 2004	5,500,000	-

The note is payable to Prince Edward Island Business Development Inc., a provincial Crown corporation.

7 Long-term debt

	2004 $	2003 $
1% notes payable, nominally dated September 13, 1999, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	2,750,000	2,750,000
1% notes payable, nominally dated September 30, 1999, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	750,000	750,000
Non-interest bearing notes payable, nominally dated with dates ranging from January 1, 2000 to April 1, 2004, repayable in full in five years pursuant to the federally administered Immigrant Investor Program	19,797,432	13,387,689
1% notes payable, nominally dated February 10, 2000, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,250,000	1,500,000
1% notes payable, nominally dated March 23, 2000, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,000,000	1,000,000
1% notes payable, nominally dated April 12, 2000, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	2,750,000	2,750,000
1% notes payable, nominally dated May 9, 2000, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	3,500,000	3,500,000
1% notes payable, nominally dated August 4, 2000, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	750,000	750,000
1% notes payable, nominally dated December 1, 2000, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	500,000	500,000
1% notes payable, nominally dated December 1, 2000, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	2,000,000	2,000,000
1% notes payable, nominally dated May 28, 2001, principal and interest repayable in full in five years from the commencement date pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,250,000	1,250,000
1% notes payable, nominally dated November 19, 2001, principal and interest repayable in full in five years from the commencement date pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,250,000	1,250,000

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

1% notes payable, nominally dated November 19, 2001, principal and interest repayable in full in five years from the commencement date pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,250,000	1,250,000
1% notes payable, nominally dated March 18, 2002, principal and interest repayable in full in five years from the commencement date pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,000,000	1,000,000
1% notes payable, nominally dated February 18, 2003, principal and interest repayable in full in five years from the commencement date pursuant to the Offering Memorandum and Immigrant Investor Regulations	500,000	750,000
1% notes payable, repaid during the year	-	21,000,000
	40,297,432	55,387,689
Less: current portion	6,156,132	20,750,000
	34,141,300	34,637,689

The Province of Prince Edward Island has provided a guarantee of the non-interest bearing notes payable to the Minister of Citizenship and Immigration (Agent) in the event of the failure of Prince Edward Island Century 2000 Fund Inc. to repay the notes payable to the Agent within 30 days following the end of the allocation period.

The principal payments required on the long-term debt to meet retirement provisions over the next five years are as follows:

	$
Year ending March 31, 2005	6,156,132
2006	11,903,776
2007	10,153,282
2008	5,928,570
2009	6,155,672

8 Related party transactions

Included in accounts receivable is $958,614 (2003 – $1,096,588) due from Corporate Services Ltd.

Included in accrued interest receivable is $84,306 (2003 –nil) due from Prince Edward Island Business Development Inc. and $41,891 (2003 – nil) due from Atlantic Technology Centre Inc.

Included in accounts payable and accrued liabilities is $38,598 (2003 – nil) due to Prince Edward Island Business Development Inc. and $1,288 due to Technology Prince Edward Island Inc.

Included in accrued interest payable is $13,675 (2003 – nil) due to Prince Edward Island Business Development Inc.

Included in interest income is $84,306 (2003 – nil) from Prince Edward Island Business Development Inc. and $41,891 (2003 – nil) from Atlantic Technology Centre Inc.

Island Investment Development Inc.

Notes to Consolidated Financial Statements
March 31, 2004

During the year, the company paid $150,000 (2003 – $150,000) in management fees to Prince Edward Island Business Development Inc. and nil (2003 – $2,600) in management fees to Corporate Services Ltd.

Included in interest and bank charges is $13,675 (2003 – nil) paid to Prince Edward Island Business Development Inc.

The advances to escrow agent are to Corporate Services Ltd.

Corporate Services Ltd., Technology Prince Edward Island Inc., and Atlantic Technology Centre Inc. are wholly-owned subsidiaries of Prince Edward Island Business Development Inc., a Crown corporation of the Province of Prince Edward Island.

9 Financing Agreement

A third party has provided financing to certain investors for a portion of the $250,000 note loaned by each investor to Island Funds IV and V. The third party charges interest to the investors beginning on the commencement date, being the date the funds are invested by Island Funds IV and V in a qualified project. In those circumstances whereby financing has been provided to the investors prior to the commencement date, Island Funds IV and V have agreed to pay interest on these amounts at an annual rate of interest ranging from 7% to 7.77%. Included in interest and bank charges for the year is nil (2003 – $23,632) in interest paid to the third party on these advances.

10 Agent agreement

Prince Edward Island Century 2000 Fund Inc.

The Federal Minister of Citizenship and Immigration acts as an Agent for Prince Edward Island Century 2000 Fund Inc. (the company) by receiving investments from immigrant investors and disbursing them to the company in accordance with the allocation formula set out in the federal Immigration Regulations, 1978. All monies received by the Agent pursuant to the issuance of debt obligations by the company are to beheld by the Agent in a separate account from the moment such monies are received, on behalf of the company. Certain facilitated investments are subject to a commission agreement whereby a 7% commission on the provincial allocation is paid to a party which facilitates an investment, effective for facilitated investments received on or after July 1, 2001. These commissions are paid out of the special account by the Agent on the first day of the second month following the issuance of a visa to the investor who made the facilitated investment, and are recorded as deferred financing charges by the company.

The Agent disburses the provincial allocation, less applicable commissions, to the company at the beginning of the five-year allocation period. The Agent issues a promissory note to the investor on behalf of the company. The company is obligated to repay the note, bearing interest at 0%, within 30 days after the expiry of the allocation period.

The company is required to repay the investor, through the Agent, the investor's provincial allocation within 90 days of receipt by the Agent of a request by the investor to withdraw his/her application for permanent residence, or upon the refusal of the application by the Minister.

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Island Waste Management Corporation
Consolidated Financial Statements
March 31, 2004

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Directors of
Island Waste Management Corporation

We have audited the consolidated statement of financial position of Island Waste Management Corporation as at March 31, 2004 and the consolidated statements of operations, deficit and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Island Waste Management Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Grant Thornton LLP
Chartered Accountants

Charlottetown, Prince Edward Island
May 28, 2004

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Island Waste Management Corporation
Consolidated Statements of Operations and Deficit

Year Ended March 31	2004	2003
Revenues		
Household user fees	$ 8,770,393	$ 6,369,070
Tippage fees	6,376,893	5,252,007
Tire collection and disposal	430,897	331,644
Operating grants and assistance	183,964	569,677
Other	120,934	68,305
	15,883,081	12,590,703
Expenditures		
Administration costs	1,712,143	1,293,926
Advertising, education and public relations	117,222	97,256
Operational costs		
Collection	6,128,259	4,248,273
Disposal		
East Prince Waste Management Facility	960,174	897,398
Disposal Fee Program	98,226	166,132
Queens County Regional Landfill	7,244	215,869
Energy from Waste	2,029,664	2,126,606
Central Composting Facility	1,903,706	769,987
Waste Watch Drop-Off Centers	680,661	234,277
Transportation of Material	174,305	44,908
Other Sites	35,144	455,196
Other Disposal Costs	121,560	116,138
Tire collection and disposal	369,516	269,525
Decommissioning costs	184,127	69,677
	14,521,951	11,005,168
Excess revenues over expenditures before interest on long term debt and depreciation and amortization	1,361,130	1,585,535
Interest on long term debt	1,986,188	813,905
Excess (expenditures over revenues) revenues over expenditures before depreciation and amortization	(625,058)	771,630
Depreciation and amortization	2,212,808	1,016,299
Excess expenditures over revenues	$ (2,837,866)	$ (244,669)
Deficit, beginning of year	$ (707,266)	$ (462,597)
Excess expenditures over revenues	(2,837,866)	(244,669)
Deficit, end of year	$ (3,545,132)	$ (707,266)

See accompanying notes to the financial statements.

Island Waste Management Corporation
Consolidated Statement of Financial Position

March 31	2004	2003
Assets		
Current		
Cash and cash equivalents	$ -	$ 3,584,834
Receivables (Note 4)	3,652,300	839,888
Prepaid expenses	18,652	6,094
Inventory	-	890
	3,670,952	4,431,706
Receivables	-	7,722
Performance deposits	107,000	110,000
Investment held in trust (Note 5)	200,000	-
Intangible assets (Note 6)	888,043	997,508
Capital assets (Note 7)	28,594,398	28,277,153
	$ 33,460,393	$ 33,824,089
Liabilities		
Current		
Bank indebtedness (Note 8)	$ 624,875	$ -
Short term borrowings (Note 9)	2,790,000	-
Payables and accruals		
Trade	946,497	780,131
Capital asset purchases	-	918,766
Deferred revenue	-	9,899
Current portion of long term debt	723,633	675,169
Capital lease principal payable within one year	-	8,510
	5,085,005	2,392,475
Contractor deposits	107,000	110,000
Long term debt (Note 10)	31,023,958	31,593,720
Asset retirement obligation (Note 11)	789,562	435,160
	37,005,525	34,531,355
Deficit	(3,545,132)	(707,266)
	$ 33,460,393	$ 33,824,089

Commitments (Note 12)

On behalf of the Board

____________________ Director ____________________ Director

See accompanying notes to the financial statements.

Island Waste Management Corporation
Consolidated Statement of Cash Flows

Year Ended March 31	2004	2003
Increase (decrease) in cash and cash equivalents		
Operating		
Cash received from customers	**$ 11,292,855**	$ 12,259,591
Cash payments to suppliers	**(9,941,657)**	(9,105,122)
Cash payments to employees	**(2,202,402)**	(1,661,586)
Interest paid	**(2,027,111)**	(815,566)
	(2,878,315)	677,317
Financing		
Proceeds from issuance of long term debt	**168,000**	31,902,300
Repayment of long term debt	**(689,298)**	(11,541,377)
Repayment of capital lease obligations	**(8,510)**	(37,426)
Proceeds from short term borrowings	**2,790,000**	-
Contractor deposits (refunded) received, net	**(3,000)**	46,000
Operating grants	**183,964**	969,985
	2,441,156	21,339,482
Investing		
Interest and financing fees capitalized	**-**	(478,260)
Decrease (increase) in performance deposits	**3,000**	(46,000)
Investment held in trust	**(200,000)**	-
Purchase of intangible assets	**-**	(811,930)
Purchase of capital assets	**(3,575,550)**	(17,390,091)
	(3,772,550)	(18,726,281)
Net (decrease) increase in cash and cash equivalents	**(4,209,709)**	3,290,518
(Bank indebtedness), cash and cash equivalents		
Beginning of year	**3,584,834**	294,316
End of year	**$ (624,875)**	$ 3,584,834

See accompanying notes to the financial statements.

Island Waste Management Corporation
Notes to the Consolidated Financial Statements

March 31, 2004

1. Nature of operations

The corporation is a Prince Edward Island crown corporation established under the provisions of the *Environmental Protection Act* and therefore is exempt from income taxes under paragraph 149(1)(d) of the Canadian *Income Tax Act*. The corporation's objective is to implement and manage a province-wide waste management system. This includes the collection and disposal of solid waste generated in Prince Edward Island.

2. Change in accounting policy

The corporation has retroactively early adopted the Canadian accounting standard outlined in CICA Handbook section 3110, "Asset Retirement Obligations". This new section requires liability recognition for retirement obligations associated with tangible long-lived assets, such as landfill cells. The obligations included within the scope of this section are those for which an entity faces legal obligation for settlement or has made promissory estoppel. The initial measurement of the asset retirement obligation is at fair value, defined as "the price that an entity would pay a willing third party of comparable credit standing to assume the liability in a current transaction other than in a forced or liquidation sale".

The asset retirement cost, equal to the fair value of the retirement obligation, is capitalized as part of the cost of the related long-lived asset and allocated to expense on a basis consistent with depreciation.

The corporation previously made no provision for capping, closure, or post-closure costs relating to landfill cells. Upon adoption, all prior periods have been restated for the change in accounting policy. The change results in an increase in excess expenditures over revenues of $122,806 for the year ended March 31, 2004 (2003 - $65,671). The effect of this change on the March 31, 2004 consolidated statement of financial position is an increase in capital assets of $568,994 (2003 - $337,398), an increase in liabilities of $789,562 (2003 - $435,160), and an increase in deficit of $220,568 (2003 - $97,762).

3. Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of the corporation and its wholly owned subsidiary, IWMC Capital Holdings Corporation, after the elimination of inter-company transactions and balances.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, net of bank overdrafts, and short term investments with original maturities of 90 days or less.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first in first out basis.

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2004

3. Summary of significant accounting policies (continued)

Depreciation

Rates and bases of depreciation applied to write-off the cost of capital assets over their estimated lives are as follows:

Buildings	20 yrs,	straight line
Landfill cells	4 yrs,	straight line
Compost facility	25 yrs,	straight line
Waste Watch drop-off centers	15 yrs,	straight line
Waste and compost carts	10 yrs and 15 yrs,	straight line
Site equipment	10 yrs,	straight line
Motor vehicles	30%,	declining balance
Office equipment	20%,	declining balance
Computer equipment	30%,	declining balance
Computer software	30% and 50%,	declining balance
Leasehold improvements	2 and 3 yrs,	straight line
Signage	20%,	declining balance

No depreciation is taken in the year of disposal.

Amortization

Rates and bases of amortization applied to write-off the cost of intangible assets over their estimated lives are as follows:

Update at PEI Energy Systems	10 yrs,	straight line
Waste Watch implementation costs	10 yrs,	straight line

4. Receivables

	2004	2003
Trade	**$ 687,000**	$ 591,360
Province of Prince Edward Island household user fees	**2,195,884**	87,665
Other	**24,563**	4,697
Goods and services tax, net	**744,853**	156,166
	$ 3,652,300	$ 839,888

5. Investment held in trust

The corporation holds in trust $200,000, as part of an agreement with the Community of Miltonvale Park dated July 10, 2000, to provide area residents with the infrastructure for delivery of domestic water services. Upon fulfillment of the agreement the funds will be returned to the corporation. In the event that the corporation is unable to substantially commence the undertaking by July 13, 2005 then the Community of Miltonvale Park may demand payment of the funds from the trustee plus accrued interest. The corporation would then be released from its obligation.

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2004

6. Intangible assets

			2004	2003
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Update at PEI Energy Systems	$ 282,718	$ 84,816	**$ 197,902**	$ 226,174
Waste Watch implementation costs	811,930	121,789	**690,141**	771,334
	$ 1,094,648	$ 206,605	**$ 888,043**	$ 997,508

7. Capital assets

			2004	2003
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 504,420	$ -	**$ 504,420**	$ 504,420
Buildings	45,102	4,516	**40,586**	42,841
Landfill cells	2,601,498	907,269	**1,694,229**	1,884,108
Compost facility	21,163,594	1,244,680	**19,918,914**	19,388,689
Waste Watch drop-off centers	1,246,995	124,065	**1,122,930**	1,195,810
Waste and compost carts	4,953,712	432,239	**4,521,473**	4,433,181
Site equipment	330,498	114,761	**215,737**	252,666
Motor vehicles	632,423	295,406	**337,017**	297,949
Office equipment	76,750	34,696	**42,054**	40,858
Computer equipment	171,350	98,711	**72,639**	72,735
Computer software	156,747	83,629	**73,118**	94,145
Leasehold improvements	80,545	31,357	**49,188**	67,135
Signage	4,360	2,267	**2,093**	2,616
	$ 31,967,994	$ 3,373,596	**$ 28,594,398**	$ 28,277,153

8. Bank indebtedness

The corporation is party to a centralized banking agreement among the Government of Prince Edward Island, Crown Entities, and the bank.

Bank indebtedness consists of bank balances of $116,019 and outstanding cheques of $740,894.

9. Short term borrowings

2.38% promissory note payable to the Province of Prince Edward Island, due April 2004.

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2004

10. Long term debt	**2004**	2003
Loan from Province of Prince Edward Island, non-interest bearing, no set terms of repayment.	**$ 859,562**	$ 859,562
4.22% debenture amortized to and maturing in June 2008, payable in monthly instalments of principle and interest of $3,110.	**145,361**	-
6.40% debenture amortized to and maturing in December 2027, payable in quarterly instalments of principle and interest of $599,547. The debenture is unconditionally secured by the Province of Prince Edward Island.	**29,177,538**	29,687,851
5.61% debenture amortized to and maturing in September 2012, payable in quarterly instalments of principle and interest of $58,193. The debenture is issued by the Province of Prince Edward Island.	**1,565,130**	1,705,158
Term loan paid out during the year	**-**	16,318
	31,747,591	32,268,889
Less: current portion	**723,633**	675,169
	$ 31,023,958	$ 31,593,720

Annual principal repayments in each of the next five years are due as follows: 2005 - $723,633; 2006 - $769,128; 2007 - $817,505; 2008 - $868,946; 2009 - $895,254.

11. Asset retirement obligation

The following presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement, including the capping, closure, and post-closure costs, of landfill cells:

	2004	2003
Asset retirement obligation, beginning of year	**$ 435,160**	$ 245,648
Liabilities incurred	**332,644**	177,230
Accretion expense	**21,758**	12,282
Asset retirement obligation, end of year	**$ 789,562**	$ 435,160

The total undiscounted amount of estimated cash flows required to settle the obligation is $1,500,000 (2003: $1,442,300), which has been discounted using a credit-adjusted risk free rate of 5 percent. Most of these obligations are not expected to be paid for several years in the future and will be funded from general corporation resources at the time of closure.

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2004

12. Commitments

The corporation conducts a portion of its operations, the compost facility, pursuant to an operating agreement dated November, 2001, effective October 1, 2002. The agreement provides for the payment by the corporation to the operator of the facility a minimum annual fee plus an excess tonnage fee. The minimum annual fee commitments for the next four years, excluding the excess tonnage fees, under the operating agreement are as follows:

2005	$ 1,362,500
2006	$ 1,387,500
2007	$ 1,412,500
2008	$ 712,500

The corporation has entered into agreements to lease office and storage space. Minimum rent payable for the next two years on these leases are as follows:

2005	$ 75,425
2006	$ 75,425

The corporation has entered into various agreements for the collection of recyclables, waste and compost materials. Minimum payments for the contracts currently in place for the next five years on these contracts are as follows:

2005	$ 3,577,000
2006	$ 3,246,000
2007	$ 2,640,000
2008	$ 1,441,000
2009	$ 113,000

The contracts referred to above begin to expire in December 2005. It is management's intention to replace these contracts.

The corporation has entered into an agreement to supply PEI Energy Systems with a minimum of 30,617 tons of waste annually. The agreement is for 30 years, expiring in August 2025. Any shortage is the responsibility of the corporation. Annual processing costs for the waste is estimated at $1,653,000.

13. Credit risk

The corporation is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the corporation provides services may experience financial difficulty and be unable to fulfill their obligations.

Before engaging in providing services to clients, the company performs a credit risk evaluation and regularly monitors its accounts. Household user fees are collected by the Province of Prince Edward Island through its provincial tax system.

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2004

14. Other matters

Costs associated with the closure and decommissioning of provincial dump sites are the responsibility of the Province of Prince Edward Island.

15. Comparative figures

Certain of the 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Island Waste Management Corporation
Consolidated Schedule of Expenditures

Year Ended March 31

Administration

	2004	2003
Communication, promotion and education	$ -	$ -
Dues and memberships	3,196	2,602
Insurance	16,241	10,990
Interest and bank charges	40,923	1,661
Miscellaneous	10,192	7,254
Office equipment	5,818	5,957
Office supplies	34,675	32,019
Professional fees	123,456	69,486
Rent	77,332	62,924
Repairs and maintenance	14,794	16,719
Salaries and management	1,230,622	928,845
Telecommunications	98,113	91,155
Travel and vehicle	48,956	55,361
Utilities	7,825	8,953
	$ 1,712,143	$ 1,293,926

Advertising, Education and Public Relations

	2004	2003
Advertising	$ 8,572	$ 6,487
Education	105,342	88,007
Public relations	3,308	2,762
	$ 117,222	$ 97,256

Island Waste Management Corporation
Consolidated
Schedule of Expenditures

Year Ended March 31	2004	2003
Collection		
Cart purchases	$ 1,635	$ 26,211
Cart storage	9,652	-
Leases - carts	7,907	40,672
Other collection costs	26,377	48,339
Recyclable collection contracts	869,843	832,544
Salaries, wages, and benefits	111,970	62,154
Tippage on residential waste and compost	2,366,182	1,418,916
Vehicle and supplies	64,429	24,659
Waste and compost collection contracts	2,670,264	1,794,778
	$ 6,128,259	$ 4,248,273

Island Waste Management Corporation
Consolidated
Schedule of Expenditures

Disposal

East Prince Waste Management Facility

Year Ended March 31	2004	2003
Accretion	$ 21,758	$ 12,282
Amortization	-	-
Dues and fees	-	-
Equipment rental	54,251	35,557
Equipment leases	43,568	60,174
Gas and oil	34,762	28,136
Hazardous waste	20,942	27,933
Leachate disposal	275,056	319,997
Office and miscellaneous	8,885	24,403
Repairs and maintenance	195,192	122,957
Salaries, wages, and benefits	248,856	205,868
Security	7,562	7,562
Supplies and materials	30,788	36,504
Telephone	4,974	2,520
Travel and conference	2,861	2,940
Utilities	10,719	10,565
	$ 960,174	$ 897,398

Disposal Fee Program

	2004	2003
Bank charges	$ 1,828	$ 1,562
Repairs and maintenance	2,998	4,721
Salaries, wages, and benefits	74,723	141,835
Supplies and office	9,362	5,451
Telephone	2,885	6,365
Travel	6,430	6,198
	$ 98,226	$ 166,132

Queens County Regional Landfill

	2004	2003
Community fees	$ -	$ 80,000
Contract services	-	51,403
Equipment rental	-	3,240
Hazardous waste	-	22,609
Other	1,946	18,211
Repairs and maintenance	3,508	26,716
Salaries, wages, and benefits	-	11,813
Security	264	124
Signage	138	288
Supplies	-	504
Utilities	1,388	961
	$ 7,244	$ 215,869

Island Waste Management Corporation
Consolidated
Schedule of Expenditures

Year Ended March 31

Disposal

Energy from Waste

	2004	2003
Fly ash disposal	$ 296,752	$ 290,624
PEI Energy Systems contract	1,641,216	1,729,732
Repairs and maintenance – scale	2,253	1,162
Scale house supplies	2,851	3,677
Salaries, wages, and benefits	86,592	101,411
	$ 2,029,664	$ 2,126,606

Central Composting Facility

	2004	2003
Contract	$ 1,665,201	$ 654,880
Hauling of contaminants	10,266	29,486
Insurance	109,394	-
Property tax	111	8,465
Salaries, wages, and benefits	100,999	64,969
Supplies	17,735	12,187
	$ 1,903,706	$ 769,987

Waste Watch Drop-Off Centers

	2004	2003
Blue bag disposal	$ 11,710	$ 2,800
Green Isle Environmental contract	243,164	46,354
Household hazardous waste	102,505	37,536
Material and supplies	5,155	14,352
Miscellaneous	482	432
Repairs and maintenance	116,776	41,475
Salaries, wages, and benefits	178,996	75,650
Security	1,269	1,124
Signage	2,115	6,062
Telephone	5,479	2,202
Travel	5,923	2,008
Utilities	7,087	4,282
	$ 680,661	$ 234,277

Transportation of Material

	2004	2003
Contract hauling	$ 42,212	$ -
Motor vehicle	45,744	21,896
Supplies	2,512	3,373
Salaries, wages and benefits	83,837	19,639
	$ 174,305	$ 44,908

Island Waste Management Corporation
Consolidated
Schedule of Expenditures

Year Ended March 31	2004	2003
Disposal		
Other Sites		
Advertising	$ -	$ 1,540
Container sites	-	127,220
Other	-	10,287
Rent	25	2,000
Repairs and maintenance	35,119	307,799
Supplies	-	2,336
Utilities	-	4,014
	$ 35,144	$ 455,196
Other Disposal Costs		
Salaries, wages and benefits	$ 49,631	$ 35,857
Scrap metal disposal	45,074	76,069
Supplies	7,993	985
Travel	18,443	2,922
Water testing	419	305
	$ 121,560	$ 116,138
Total	$ 6,010,684	$ 5,026,511

Island Waste Management Corporation Consolidated Schedule of Expenditures

Year Ended March 31	2004	2003
Tire Collection and Disposal		
Equipment rental	**$ 27,693**	$ 54,545
Salaries, wages and benefits	**40,418**	29,651
Repairs and maintenance	**12,474**	5,627
Tires and wire	**242,373**	179,361
Tire recycling	**46,558**	-
Trailer rental	**-**	341
	$ 369,516	$ 269,525

KINGS HEALTH REGION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2004

MACPHEE & MACAULAY

CHARTERED ACCOUNTANTS

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MACPHEE & MACAULAY

CHARTERED ACCOUNTANTS, P.O. BOX 70, MONTAGUE, P.E.I. C0A 1R0
TEL: (902) 838-4121 FAX: (902) 838-4802

AUDITORS' REPORT

1.

TO THE BOARD OF DIRECTORS OF KINGS HEALTH REGION

We have audited the balance sheet of the Kings Health Region as at March 31, 2004 and the statement of revenue and expenditures for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2004 and the results of its operations for the year then ended in accordance with Canadian Public Sector Accounting recommendations.

MacPhee & MacAulay
CHARTERED ACCOUNTANTS

June 11, 2004
Montague, P.E.I.

KINGS HEALTH REGION
BALANCE SHEET
AS AT MARCH 31, 2004

	2004 $	2003 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (note 4)	3,689,712	2,185,591
Accounts receivable (note 5)	2,274,817	1,893,168
Prepaid expenses	367,568	99,339
	6,332,097	4,178,098
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 6)	4,549,622	2,510,513
Accrued vacation pay	1,656,683	1,573,707
Deferred revenue (note 7)	125,792	93,878
	6,332,097	4,178,098

SIGNED ON BEHALF OF THE BOARD

_______________________ DIRECTOR

_______________________ DIRECTOR

KINGS HEALTH REGION
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

	2004 $	2003 $
REVENUE		
GRANTS -		
Department of Health and Social Services		
Operating	31,177,810	29,604,094
Eastern Kings Family Health Centre	745,002	911,571
Medical Equipment Fund	178,500	-
Special Projects	-	20,200
DONATIONS		
Eastern Kings Health Foundation Inc.	122,028	165,392
Kings County Memorial Hospital Foundation Inc.	104,060	189,977
Riverview Manor Capital Fund	-	6,800
HOSPITAL REVENUES		
Kings County Memorial Hospital (schedule 1)	282,971	263,829
Souris Hospital (schedule 1)	278,755	244,473
OTHER		
Employment Pathways (note 10)	198,160	180,805
Interest	36,915	9,570
Miscellaneous	1,448	2,589
TOTAL REVENUE	33,125,649	31,599,300
EXPENDITURES		
Child and Family Services - Montague (schedule 2)	5,014,964	5,019,851
Child and Family Services - Souris (schedule 2)	2,492,445	2,401,876
Colville Manor (schedule 2)	3,239,737	2,990,915
Community Health Center - Montague (schedule 2)	760,231	784,048
Eastern Kings Family Health Centre (schedule 2)	745,002	911,571
Employment Pathways (note 10)	198,160	180,805
Grants - non-governmental organizations	1,606,814	1,422,310
Home Care and Support (schedule 3)	2,114,198	1,772,353
Job Creation Program - Montague (schedule 3)	271,729	306,004
Job Creation Program - Souris (schedule 3)	197,597	228,859
Kings County Memorial Hospital (schedule 3)	5,329,365	5,040,343
Mental Health and Addiction Services (schedule 3)	1,276,869	1,180,774
Physician Services - Montague (schedule 4)	65,847	55,455
Public Health and Diabetes - Souris (schedule 4)	355,505	285,690
Regional Services (schedule 4)	1,608,865	1,664,360
Riverview Manor (schedule 4)	2,980,546	2,717,433
Seniors Housing (schedule 4)	918,230	957,462
Special Projects	-	20,200
Souris Hospital (schedule 5)	3,949,545	3,658,991
TOTAL EXPENDITURES	33,125,649	31,599,300
EXCESS REVENUE FOR THE YEAR	-	-

KINGS HEALTH REGION
SCHEDULE OF HOSPITAL REVENUES
FOR THE YEAR ENDED MARCH 31, 2004

Schedule 1

	2004 $	2003 $
KINGS COUNTY MEMORIAL HOSPITAL		
General Services - out patients		
Federal	2,420	1,650
Non-residents	67,770	62,445
Uninsured services	8,340	9,453
Workers' Compensation Board	44,223	53,580
General Services - in patients		
Federal	22,675	82
Non-residents	44,890	33,660
Uninsured services and differential charges	35,549	60,628
Workers' Compensation Board	21,160	3,700
Other revenue		
Dietary recoveries	27,417	25,095
Miscellaneous recoveries	8,527	13,536
	282,971	263,829
SOURIS HOSPITAL		
General Services - out patients		
Federal	770	945
Non-residents	27,075	24,322
Uninsured services	10,401	5,181
Workers' Compensation Board	15,904	16,055
General Services - in patients		
Non-residents	17,420	14,810
Uninsured services and differential charges	40,725	47,615
Workers' Compensation Board	58,290	9,185
Other revenue		
Dietary recoveries	62,062	56,369
Miscellaneous recoveries	16,809	32,733
Rent	29,299	37,258
	278,755	244,473

KINGS HEALTH REGION
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

Schedule 2

	2004 $	2003 $
CHILD AND FAMILY SERVICES - MONTAGUE		
Administration	6,507	5,163
Equipment	4,960	3,157
Financial assistance - social services	3,448,549	3,449,921
Materials, supplies and services	249	266
Professional and contract services	7,026	8,669
Salaries and benefits	1,484,744	1,495,871
Travel and training	62,929	56,804
	5,014,964	5,019,851
CHILD AND FAMILY SERVICES - SOURIS		
Administration	27,520	16,627
Equipment	7,413	3,307
Financial assistance - social services	1,398,966	1,343,583
Materials, supplies and services	-	176
Salaries and benefits	1,026,498	1,010,044
Travel and training	32,048	28,139
	2,492,445	2,401,876
COLVILLE MANOR		
Administration	31,817	36,875
Equipment	74,649	55,692
Materials, supplies and services	313,510	288,540
Professional and contract services	18,083	20,127
Salaries and benefits	2,799,349	2,584,643
Travel and training	2,329	5,038
	3,239,737	2,990,915
COMMUNITY HEALTH CENTER - MONTAGUE		
Administration	17,192	18,774
Equipment	2,914	2,859
Materials, supplies and services	940	2,619
Professional and contract services	8,000	-
Salaries and benefits	714,444	742,738
Travel and training	16,741	17,058
	760,231	784,048
EASTERN KINGS FAMILY HEALTH CENTRE		
Administration	14,811	15,952
Equipment	6,888	4,853
Materials, supplies and services	18,580	15,293
Salaries and benefits	697,191	865,950
Travel and training	7,532	9,523
	745,002	911,571

KINGS HEALTH REGION
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

6.

Schedule 3

	2004 $	2003 $
HOME CARE AND SUPPORT		
Administration	11,621	11,358
Equipment	1,183	2,525
Materials, supplies and services	9,263	7,375
Professional and contract services	27,423	22,119
Salaries and benefits	1,912,734	1,583,398
Travel and training	151,974	145,578
	2,114,198	1,772,353
JOB CREATION PROGRAM - MONTAGUE		
Administration	12,300	12,300
Grants - wage assistance	157,666	195,591
Salaries and benefits	101,763	98,113
	271,729	306,004
JOB CREATION PROGRAM - SOURIS		
Administration	6,499	10,374
Grants - wage assistance	114,550	142,117
Salaries and benefits	74,622	74,027
Travel and training	1,926	2,341
	197,597	228,859
KINGS COUNTY MEMORIAL HOSPITAL		
Administration	38,710	54,971
Equipment	154,542	185,567
Materials, supplies and services	775,771	776,191
Professional and contract services	91,027	72,840
Salaries and benefits	4,250,375	3,934,108
Travel and training	18,940	16,666
	5,329,365	5,040,343
MENTAL HEALTH AND ADDICTION SERVICES		
Administration	29,312	31,599
Equipment	10,821	2,256
Materials, supplies and services	37,802	37,925
Professional and contract services	2,785	1,952
Salaries and benefits	1,169,654	1,087,659
Travel and training	26,495	19,383
	1,276,869	1,180,774

KINGS HEALTH REGION
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

Schedule 4

	2004 $	2003 $
PHYSICIAN SERVICES - MONTAGUE		
Administration	27,986	48,085
Equipment	6,825	80
Materials, supplies and services	14,927	7,290
Professional and contract services	10,619	-
Travel and training	5,490	-
	65,847	55,455
PUBLIC HEALTH AND DIABETES - SOURIS		
Administration	4,053	6,000
Equipment	2,547	3,930
Materials, supplies and services	4,484	3,000
Professional and contract services	-	20
Salaries and benefits	330,240	264,811
Travel and training	14,181	7,929
	355,505	285,690
REGIONAL SERVICES		
Administration	190,891	189,942
Equipment	20,811	39,824
Materials, supplies and services	12,778	14,746
Professional and contract services	92,306	55,612
Salaries and benefits	1,244,966	1,299,299
Travel and training	47,113	64,937
	1,608,865	1,664,360
RIVERVIEW MANOR		
Administration	34,367	32,061
Equipment	72,721	14,046
Materials, supplies and services	323,837	310,912
Professional and contract services	16,545	10,834
Salaries and benefits	2,528,956	2,344,131
Travel and training	4,120	5,449
	2,980,546	2,717,433
SENIORS HOUSING		
Administration	149,585	128,738
Equipment	1,607	3,062
Materials, supplies and services	580,605	602,808
Professional and contract services	100,654	109,475
Salaries and benefits	73,341	100,946
Travel and training	12,438	12,433
	918,230	957,462

KINGS HEALTH REGION
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

Schedule 5

	2004 $	2003 $
SOURIS HOSPITAL		
Administration	41,728	69,378
Equipment	117,283	136,038
Materials, supplies and services	703,872	681,628
Professional and contract services	31,251	4,206
Salaries and benefits	3,041,151	2,756,974
Travel and training	14,260	10,767
	3,949,545	3,658,991

KINGS HEALTH REGION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

9.

Schedule 6

	Land	Paving	Buildings	Equipment	Total	Total
KINGS COUNTY MEMORIAL HOSPITAL						
Cost of Tangible Capital Assets						
Balance March 31, 2003	1,469	81,608	1,348,427	1,281,449	2,712,953	2,535,199
Additions	-	-	-	151,221	151,221	177,756
Balance March 31, 2004	1,469	81,608	1,348,427	1,432,670	2,864,174	2,712,955
Accumulated depreciation						
Balance March 31, 2003	-	16,322	695,342	691,896	1,403,560	1,282,977
Additions	-	8,161	33,710	88,163	130,034	120,583
Balance March 31, 2004	-	24,483	729,052	780,059	1,533,594	1,403,560
Net Carrying Amount of Tangible Capital Assets	1,469	57,125	619,375	652,611	1,330,580	1,309,395
SOURIS HOSPITAL						
Cost of Tangible Capital Assets						
Balance March 31, 2003	56,250	-	7,851,568	1,342,775	9,250,593	9,127,697
Additions	-	-	26,681	103,062	129,743	122,896
Balance March 31, 2004	56,250	-	7,878,249	1,445,837	9,380,336	9,250,593
Accumulated depreciation						
Balance March 31, 2003	-	-	2,616,891	844,659	3,461,550	3,181,338
Additions	-	-	196,956	90,365	287,321	280,212
Balance March 31, 2004	-	-	2,813,847	935,024	3,748,871	3,461,550
Net Carrying Amount of Tangible Capital Assets	56,250	-	5,064,402	510,813	5,631,465	5,789,043
Total Carrying Amount of Tangible Capital Assets	57,719	57,125	5,683,777	1,163,424	6,962,045	7,098,438

KINGS HEALTH REGION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

1. NATURE OF OPERATIONS

The Kings Health Region is a non-profit organization incorporated under the Health and Community Services Act, Part III. The corporation is exempt from income taxes under Section 149 of the Income Tax Act. Kings Health Region is responsible for the management of the following core program health services:

- Child and Family Services
- Colville Manor
- Community Health Center
- Eastern Kings Family Health Centre
- Home Care and Support
- Job Creation Program
- Kings County Memorial Hospital
- Mental Health and Addition Services
- Physician Services
- Public Health and Diabetes
- Regional Services
- Riverview Manor
- Senior's Housing
- Souris Hospital

2. AMALGAMATION

Subject to a Ministerial Order by the Minister of Health and Social Services effective November 9, 2002, the regional authorities known as Eastern Kings Health Region and Southern Kings Health Region were amalgamated to operate as the Kings Health Region. Assets and liabilities of the former authorities were transferred to the Kings Health Region on April 1, 2003 as follows:

	Assets $	Liabilities $
Eastern Kings Health Region	1,943,693	1,943,693
Southern Kings Health Region	2,755,776	2,755,776
	4,699,469	4,699,469

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

The financial statements of Kings Health Region are prepared in accordance with Canadian generally accepted accounting principles for the public sector, as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

B. REVENUE RECOGNITION

The Kings Health Region follows the deferral method of accounting for grants for special projects. Grants restricted for special projects are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

C. TANGIBLE CAPITAL ASSETS

Acquired physical assets are expensed as a component of program costs in the year of acquisition. The Region has assumed ownership of the tangible capital assets of the Kings County Memorial Hospital and Souris Hospital only. The Region has assumed operational maintenance responsibility for the other tangible capital assets of the Region. The Schedule of Tangible Capital Assets (page 9) provides details of tangible capital asset additions that are owned by the Region and were expensed in the year, the accumulated cost of tangible capital assets owned by the Region, and the unconsumed cost of these assets. Rates and basis to calculate the unconsumed cost of assets are as follows:

KINGS HEALTH REGION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Paving	10.00%, straight-line
Buildings	2.50%, straight-line
Equipment	6.25%-33.33%, straight-line

Inventory in the amount of $262,639 (2003 - $320,160) has not been reflected on the balance sheet. Inventory is valued at the lower of cost and net realizable value.

D. FINANCIAL ASSISTANCE OVERPAYMENTS

Financial assistance overpayments are recorded as receivable when identified, with a full provision as a doubtful account. Recoveries of financial assistance overpayments are recorded as a reduction to financial assistance expenditures when received.

E. VACATION PAY AND RETIRING ALLOWANCES

Vacation pay is recorded as a liability when earned.

Retirement allowance liability is calculated when the employee meets the eligibility criteria. Retirement allowances are funded by the Department of Health and Social Services and are not recorded as an expense or liability of the Region. At March 31, 2004, $881,563 (2003 - $691,300) of liability relating to employees meeting the eligibility criteria was calculated but not recognized in these financial statements.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, balances with banks, and short term deposits with original maturities of one year or less.

G. SICK LEAVE OBLIGATION

Union agreements provide for the accumulation of sick leave benefits by employees. However, there is no obligation for the Region to settle these amounts with cash payments. Consequently, only the liability related to known sick leaves incurred subsequent to year end has been accrued in these financial statements. The estimated liability for sick leave obligations at March 31, 2004 is $5,984,594.

H. PENSION COSTS

Employees of the Region belong to different pension plans according to their historical workplace. Hospital employees are members of the Uniform Pension Plan for Employees of Prince Edward Island Health and Community Services System. All other employees are members of the uniform pension plan of the civil service of the Province of Prince Edward Island.

The Uniform Pension Plan for Employees of Prince Edward Island Health and Community Services System is a defined benefit pension plan for basic contributions and a contribution pension plan for supplementary pension contributions. According to the most recent actuarial report dated January 1, 2003, employer contributions are not sufficient to meet the requirements of the plan and an unfunded liability of $25,472,200 existed at that date. For employees belonging to this plan, the employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of Prince Edward Island and are not reflected in these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The civil service pension plan is a defined benefit pension plan of the Province of Prince Edward Island. For employees belonging to this plan, the employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of Prince Edward Island and are not reflected in these financial statements. According to the most recent actuarial report dated April 1, 2002 employer contributions are not sufficient to meet the requirements of the plan and an unfunded liability of $96,137,000 existed at that date. For employees belonging to this plan, the employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of Prince Edward Island and are not reflected in these financial statements.

I. GENERAL

These financial statements do not include the assets, liabilities and activities of the Kings County Memorial Hospital Foundation Inc., the King's County Memorial Hospital Auxiliary, or the Eastern Kings Health Foundation Inc. Separate audited financial statements are issued for each of these entities.

4. CASH AND CASH EQUIVALENTS

	2004 $	2003 $
RESTRICTED		
Colville Manor - Resident Council Fund	4,005	3,878
Colville Manor - Resident Trust Fund	11,389	10,058
Deferred revenue (note 7)	125,792	93,878
Deferred salary plan	76,510	88,611
Riverview Manor - Resident Trust Fund	16,386	11,860
	234,082	208,285
UNRESTRICTED	3,455,630	1,977,306
	3,689,712	2,185,591

5. RECEIVABLES

	2004 $	2003 $
Eastern Kings Health Foundation Inc.	134,703	14,957
Employees	475,791	447,116
Kings County Memorial Hospital Foundation Inc.	96,155	183,012
Trade	1,568,168	1,248,083
	2,274,817	1,893,168

6. PAYABLES AND ACCRUED LIABILITIES

	2004 $	2003 $
Colville Manor - Resident Council Fund	4,005	3,878
Colville Manor - Resident Trust Fund	11,389	10,058
Deferred salary plan	76,510	88,611
Department of Health and Social Services	1,577,902	35,572
Employees	1,344,964	878,087
Riverview Manor - Resident Trust Fund	16,386	11,860
Trade	1,518,466	1,482,447
	4,549,622	2,510,513

7. DEFERRED REVENUE

	Balance Beginning of Year $	Grants $	Expenses $	Balance End of Year $
Capital Projects	38,210	-	-	38,210
Community Mental Health	3,840	19,800	-	23,640
Diabetes Primary Prevention	29,471	-	-	29,471
Healthy Community in Action	4,956	-	-	4,956
Medical Equipment	1,880	-	-	1,880
Riverview Manor Day Program and Activities	15,521	5,114	-	20,635
Speech Language Pathology	-	7,000	-	7,000
	93,878	31,914	-	125,792

8. EASTERN KINGS HEALTH FOUNDATION INC.

The Kings Health Region has an economic beneficial interest in Eastern Kings Health Foundation Inc. The primary purpose of the Foundation is to raise funds for the benefit of the community of Eastern Kings. As the Region does not exercise control or significant influence over the Foundation, its activities have not been consolidated within these financial statements except to the extent of actual contributions during the year.

9. KINGS COUNTY MEMORIAL HOSPITAL FOUNDATION INC.

The Kings Health Region has an economic beneficial interest in Kings County Memorial Hospital Foundation Inc. The primary purpose of the Foundation is to raise funds for the benefit of Kings County Memorial Hospital. As the Region does not exercise control or significant influence over the Foundation, its activities have not been consolidated within these financial statements except to the extent of actual contributions during the year.

KINGS HEALTH REGION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

10. EMPLOYMENT PATHWAYS

Employment Pathways is a program designed to promote employability and employment maintenance for clients of the Kings Health Region. Kings Health Region is the primary sponsor of the project with funding being provided by Human Resources Development Canada from the Labour Market Development Agreement - Employment Assistance Services Fund. The contract for funding under this agreement expires August 27, 2004. Revenues and expenditures are as follows:

	2004 $	2003 $
Revenues		
Human Resources Development Canada	197,488	179,891
Miscellaneous	672	914
	198,160	180,805
Expenditures		
Administration	19,565	19,868
Equipment	366	3,417
Materials, supplies and services	9,073	5,516
Professional and contract services	-	11,222
Salaries and benefits	164,081	136,430
Travel and training	5,075	4,352
	198,160	180,805

11. OTHER MATTERS

The Region acts as an agent for the Province of Prince Edward Island for the collection of resident fees at Colville Manor and Riverview Manor. During the year $1,779,929 (2003 - $1,928,465) was collected from residents. The fees collected reduce funding receivable from the Department of Health and Social Services. These collections are not reflected as revenue in these financial statements.

12. COMPARATIVE FIGURES

Certain of the 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2004. Comparative figures have been restated to reflect the consolidation of 2003 results for the Eastern Kings Health Region and Southern Kings Health Region.

PRINCE EDWARD ISLAND

AGRICULTURAL INSURANCE CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2004

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Agricultural Insurance Corporation

I have examined the balance sheet of the Prince Edward Island Agricultural Insurance Corporation as at March 31, 2004 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
July 5, 2004

STATEMENT 1

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
BALANCE SHEET
AS AT MARCH 31, 2004

	PI	BRRP	ADIP/AIDA	CFIP	NMCP	CAIS	TOTAL 2004	TOTAL 2003
ASSETS:								
Cash	$2,056,842	$ 35,430	$ -	$ -	$ -	$ -	$ 2,092,272	$2,644,441
Term Deposits - Note 3	4,667,314	254,284	-	-	-	-	4,921,598	2,794,659
Accounts Receivable								
- Federal Interest	-	-	-	28,473	-	-	28,473	17,268
- General	2,842	49	-	-	-	-	2,891	33,556
- Producer	122,185	-	-	106,376	116,709	-	345,270	310,555
- Province of PEI	-	-	76,166	138,004	100,382	-	314,552	1,304,059
- Federal Government	2,306,217	-	1,021	2,085,049	237,806	211,739	4,841,832	1,719,734
	$9,155,400	$289,763	$77,187	$2,357,902	$454,897	$211,739	$12,546,888	$8,824,272
LIABILITIES:								
Overdraft	$ -	$ -	$72,585	$ 412,743	$276,385	$ -	$ 761,713	$1,458,541
Accounts Payable								
- General	-	-	100	574	377	-	1,051	3,812
- Province of PEI	467,405	-	-	268,559	-	211,739	947,703	877,097
Indemnities Payable	469,337	-	-	1,631,269	207,718	-	2,308,324	956,194
Unearned Income	9,975	-	-	-	-	-	9,975	4,794
	946,717	-	72,685	2,313,145	484,480	211,739	4,028,766	3,300,438
Contingent Liability - Note 4								
SURPLUS (DEFICIT)	8,208,683	289,763	4,502	44,757	(29,583)	-	8,518,122	5,523,834
	$9,155,400	$289,763	$77,187	$2,357,902	$454,897	$211,739	$12,546,888	$8,824,272

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

Keith Barrett

STATEMENT 2

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 2004

	PI	BRRP	ADIP/AIDA	CFIP	NMCP	CAIS	TOTAL 2004	TOTAL 2003
REVENUES:								
Insurance Premiums								
- Farmer	$1,710,178	$ 32,892	$ -	$ -	$ -	$ -	$1,743,070	$1,690,607
- Provincial	1,399,237	16,421	-	-	-	-	1,415,658	1,679,237
- Federal	2,072,943	-	-	-	-	-	2,072,943	1,667,866
	5,182,358	49,313	-	-	-	-	5,231,671	5,037,710
Less: Premium Discount	31,868	-	-	-	-	-	31,868	26,448
	5,150,490	49,313	-	-	-	-	5,199,803	5,011,262
Contributions to Operating Expenses								
- Provincial	295,737	-	-	69,882	-	141,160	506,779	460,467
- Federal	443,606	-	-	104,822	-	211,739	760,167	518,499
	739,343	-	-	174,704	-	352,899	1,266,946	978,966
Other								
Provincial Grant - Note 1(d) - 1(g)	168,200	-	-	1,764,204	575,352	-	2,507,756	4,372,619
Federal Grant - Note 1(d) - 1(e)	-	-	-	3,845,029	863,028	-	4,708,057	5,762,204
Interest	201,147	8,691	2,684	108	3,452	-	216,082	171,275
Federal Interest on Advances	-	-	-	11,205	-	-	11,205	1,179
Administration Fee	-	-	-	11,600	-	-	11,600	33,050
	369,347	8,691	2,684	5,632,146	1,441,832	-	7,454,700	10,340,327
Total Revenue	6,259,180	58,004	2,684	5,806,850	1,441,832	352,899	13,921,449	16,330,555
EXPENSES:								
Indemnities	1,761,578	-	-	5,609,233	1,438,380	-	8,809,191	10,996,426
Other Payments - Note 1(f) - 1(g)	168,200	-	-	-	-	-	168,200	67,034
Administration - Schedule 2	739,343	-	-	174,704	-	352,899	1,266,946	978,966
Bad Debt (Recovery)	23,531	-	(69,219)	1,723	-	-	(43,965)	35,651
Interest	111	-	3,475	10,470	13,115	-	27,171	49,250
Reinsurance Premium	699,618	-	-	-	-	-	699,618	1,050,756
Total Expenses	3,392,381	-	(65,744)	5,796,130	1,451,495	352,899	10,927,161	13,178,083
Net Income (Loss) for the Year	2,866,799	58,004	68,428	10,720	(9,663)	-	2,994,288	3,152,472
Surplus, (Deficit) Beginning of Year	5,341,884	231,759	(63,926)	34,037	(19,920)	-	5,523,834	2,371,362
Surplus, (Deficit) End of Year	$8,208,683	$289,763	$ 4,502	$ 44,757	$ (29,583)	$ -	$8,518,122	$5,523,834

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2004

	PI	BRRP	ADIP/AIDA	CFIP	NMCP	CAIS	TOTAL 2004	TOTAL 2003
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts from Producers	$1,660,450	$ 32,899	$ -	$ -	$ -	$ -	$1,693,349	$ 1,480,302
Receipts from Provincial Government	1,782,218	16,421	-	2,571,623	767,145	352,899	5,490,306	5,427,409
Receipts from Federal Government	933,100	-	-	2,633,064	841,702	-	4,407,866	7,196,977
Indemnity Payments	(1,582,312)	(48,600)	104,548	(4,761,638)	(1,277,895)	-	(7,565,897)	(11,199,508)
Payments for Program Administration	(739,343)	-	-	(174,704)	-	(352,899)	(1,266,946)	(978,967)
Interest Received	184,190	8,723	(3,829)	(499)	(14,289)	-	174,296	88,389
Administration Fees Received	-	-	-	11,600	-	-	11,600	33,050
Reinsurance Premiums	(672,976)	-	-	-	-	-	(672,976)	(1,082,819)
NET INCREASE (DECREASE)	1,565,327	9,443	100,719	279,446	316,663	-	2,271,598	964,833
Balance, beginning of year	5,158,829	280,271	(173,304)	(692,189)	(593,048)	-	3,980,559	3,015,726
Balance, end of year	$6,724,156	$289,714	$ (72,585)	$ (412,743)	$ (276,385)	$ -	$6,252,157	$ 3,980,559
As represented by:								
Cash	$2,056,842	$ 35,430	$ -	$ -	$ -	$ -	$2,092,272	$ 2,644,441
Bank Overdraft	-	-	(72,585)	(412,743)	(276,385)	-	(761,713)	(1,458,541)
Term Deposits	4,667,314	254,284	-	-	-	-	4,921,598	2,794,659
Total Cash and Cash Equivalents	$6,724,156	$289,714	$ (72,585)	$ (412,743)	$ (276,385)	$ -	$6,252,157	$ 3,980,559

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. **Summary of significant accounting policies:**

(a) Production Insurance (PI) (formerly Crop Insurance Program)

The Production Insurance program is treated as a separate fund and is intended to be self sustaining. The assets, liabilities and fund balances are segregated.

The agreement negotiated between the federal and provincial governments cover the cost sharing arrangements for insurance premiums and administrative expenses. Insurance revenues include government contributions to insurance premiums as described in Schedule 1. Administration expenses are cost shared 60-40 by federal and provincial governments respectively.

(b) Bacterial Ring Rot Program (BRRP)

This program was established in 1995-96 to provide protection against bacterial ring rot infection. The premium is cost shared 33.3% by the province and 66.7% by the producer.

(c) Agricultural Disaster Insurance Program (ADIP) and Agricultural Income Disaster Assistance (AIDA)

ADIP and AIDA were agricultural safety net programs available to farmers for 1995-1998 and 1998-1999 tax years. As there are no further payments being made under these programs, program accounts have been combined in the financial statements.

(d) Canadian Farm Income Program (CFIP)

The purpose of this program is to provide income support to Canadian producers when, for reasons beyond their control, there is an extreme reduction in their farm income. The program is available for the 2000, 2001 and 2002 taxation years. The federal government contributes 60% and the province 40% towards eligible claim payments and administration. Current year federal funding includes amounts for prior year underfunding of the 60% federal contribution amount.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

MARCH 31, 2004

(f) Seed Incentives (ESPQIP)

For the 2003 crop year, the provincial government provided a subsidy on elite seed producer crop insurance premiums equal to 8% of the total elite seed premiums. Incentive payments of $34,160 are recorded as other payments and are offset by provincial grants in the Production Insurance program.

(g) Environmental Farm Plan

For the 2003 crop year, the provincial government provided a subsidy to insured producers of 3% of the total crop insurance premium if the environmental farm plan criteria were met. Incentive payments of $134,040 are recorded as other payments and are offset by provincial grants in the Production Insurance program.

(h) Canadian Agriculture Income Stabilization (CAIS)

Beginning with the 2003 taxation year, CAIS is designed to provide Canadian agricultural producers with a ongoing whole farm risk management tool that provides protection against both small and large decreases in income. The federal government will contribute 60% and the province 40% towards eligible claim payments and administration.

(i) Indemnity Expense

Indemnity expense is based on claims processed and any adjustment to prior years' claims based on additional information received.

(j) Surplus or Deficit/Net Income or Loss

Government policy has been to allow the insurance funds to retain surpluses or recover deficits.

(k) Certain 2003 financial statement figures have been restated to conform with the current years presentation.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

MARCH 31, 2004

3. Term Deposits

Term deposits are short term investments maturing within one year valued at cost plus accrued interest at 2.3% and 2.55%. The carrying amount of term deposits approximates their market value.

4. Contingent Liability

On July 23, 2004 the Agricultural Insurance Corporation CFIP Appeal Board decided in favour of a producer regarding his 2000, 2001, and 2002 claim years. In addition, the appeal decision may affect other producers. The amount of the claim, if any, is not yet determinable.

SCHEDULE 1

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

SCHEDULE OF PRODUCTION INSURANCE FUND SURPLUS OR DEFICIT

FOR THE YEAR ENDED MARCH 31, 2004

	Surplus (Deficit) Start of Year	2004 Changes		Surplus (Deficit) End of Year
		Premiums	Indemnities	
CROP				
Potatoes	$(1,977,178)	$4,269,443	$ 878,313	$1,413,952
Tobacco	1,464,849	10,321	-	1,475,170
Grain	2,139,949	506,971	721,527	1,925,393
Cole Crops	(465,979)	177,360	58,388	(347,007)
Rutabagas	(184,191)	41,810	13,354	(155,735)
Processed Peas	61,200	-	-	61,200
Winter Wheat	(135,337)	15,106	33,783	(154,014)
Soybean	(117,015)	59,476	2,208	(59,747)
Dry Bean	(78,453)	5,878	6,777	(79,352)
Grain Corn	25,756	24,485	-	50,241
Other	(45,828)	71,508	47,228	(21,548)
Total	687,773	5,182,358	1,761,578	4,108,553
UNALLOCATED SURPLUS (DEFICIT)	4,654,111	(553,981)*	-	4,100,130
	$ 5,341,884	$4,628,377	$1,761,578	$8,208,683

*The change consists of:	
Premium Discount	$ (31,868)
Net Interest Revenue	201,036
Bad Debt Expense	(23,531)
Reinsurance Premium	(699,618)
	$(553,981)

INSURANCE PREMIUMS - See Note 1(a)

The producer and the federal and provincial governments contribute 33%, 40% and 27% respectively to premiums for the Production Insurance Fund as of March 31, 2004.

SCHEDULE 2

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED MARCH 31, 2004

	PI	CFIP	CAIS	Total 2004	Total 2003
ADMINISTRATIVE EXPENSES					
Personnel Costs	$565,978	$152,280	$262,838	$ 981,096	$758,855
Transportation and Communication	102,819	5,508	43,367	151,694	111,076
Information Costs	15,549	201	10,607	26,357	6,360
Professional Services	28,721	13,253	22,154	64,128	45,818
Accommodations and Equipment Rental	19,561	410	4,661	24,632	28,549
Repairs and Maintenance	166	29	83	278	2,157
Supplies	3,220	1,845	7,624	12,689	3,372
Capital Purchases	3,329	1,178	1,565	6,072	5,779
Administration Fees - CFIP	-	-	-	-	17,000
	$739,343	$174,704	$352,899	$1,266,946	$978,966

Federal administration costs of $2,250 for 2003 are included above in professional services.

In 2002, application fees for CFIP were mistakenly deducted as shareable revenue, and were added back in 2003.

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

FINANCIAL STATEMENTS

MARCH 31, 2004

AUDITOR'S REPORT

To the Board of Directors of the
PEI Agricultural Research Investment Fund Inc.

I have audited the balance sheet of the PEI Agricultural Research Investment Fund Inc. as at March 31, 2004 and the statements of revenues, expenditures and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 21, 2004

STATEMENT 1

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

BALANCE SHEET

AS AT MARCH 31, 2004

ASSETS

	2004	2003
Cash	$ 550,271	$ 348,468
Short-term investments - Note 2	837,363	812,155
Accounts receivable		
- Province of Prince Edward Island	-	200,000
- General	71,335	82,768
	$1,458,969	$1,443,391

LIABILITY AND SHAREHOLDER'S EQUITY

	2004	2003
Accrued liability	$ 243,269	$ 138,879
Shareholder's Equity		
Share capital - Note 4	100	100
Surplus - Statement 2	1,215,600	1,304,412
	1,215,700	1,304,512
	$1,458,969	$1,443,391

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

STATEMENT 2

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

STATEMENT OF REVENUES, EXPENDITURES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
Revenues		
Provincial grant	$ 200,000	$ 200,000
Interest revenue	34,726	30,781
	234,726	230,781
Expenditures		
Administration	4,184	5,044
Research projects	319,354	155,352
	323,538	160,396
Excess revenues (expenditures) for the year	(88,812)	70,385
Surplus, beginning of year	1,304,412	1,234,027
Surplus, end of year	$1,215,600	$1,304,412

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from Province of PEI	$400,000	$400,000
Payments to projects	(201,230)	(198,577)
Payments for administration expenses	(6,689)	(2,539)
Purchase of investments	-	(790,589)
Interest received	9,722	8,580
NET INCREASE (DECREASE) IN CASH	201,803	(583,125)
CASH		
Balance, beginning of year	348,468	931,593
Balance, end of year	$550,271	$348,468

(The accompanying notes are an integral part of these financial statements.)

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. Operations

The PEI Agricultural Research Investment Fund Inc. was incorporated on March 31, 1995 under Part 1 of the Companies Act. The main objective of the corporation is to provide funds for agricultural research in the Province.

2. Short-Term Investments

Short-term investments are interest bearing investments that are carried at cost plus accrued interest. Since these investments are held for a short period of time, their market value approximates their carrying value.

3. Commitments

In addition to the accrued liability, the corporation has approved five research projects providing for future commitments of:

April 1, 2004 to March 31, 2005	$161,850
April 1, 2005 to March 31, 2006	95,350
	$257,200

4. Share Capital

The corporation has authorized 5,000 common shares with a $1 par value. As at March 31, 2004 there were 100 common shares issued and outstanding. The Government of Prince Edward Island, as represented by the Minister of Agriculture, Fisheries, Aquaculture and Forestry, is the sole shareholder.

5. Provincial Administrative Expenses

Costs incurred by the Department of Agriculture, Fisheries, Aquaculture and Forestry on behalf of the PEI Agricultural Research Investment Fund Inc. in administering this fund are not reflected in the financial statements. These costs include salary and related employee benefits, office accommodations, and miscellaneous administrative expenses.

6. Comparative Figures

Certain 2003 financial statement figures, presented for comparative purposes, have been reclassified to conform with 2004 financial statement presentation.

PEI AQUACULTURE AND FISHERIES

RESEARCH INITIATIVE INC.

FINANCIAL STATEMENTS

MARCH 31, 2004

AUDITOR'S REPORT

To the Board of Directors of the
PEI Aquaculture and Fisheries Research Initiative Inc.

I have audited the balance sheet of the PEI Aquaculture and Fisheries Research Initiative Inc. as at March 31, 2004 and the statements of revenues, expenditures and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker
Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
April 21, 2004

STATEMENT 1

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

BALANCE SHEET

AS AT MARCH 31, 2004

	2004	2003
ASSETS		
Cash	$140,800	$ 95,307
Short term investments - Note 2	754,102	782,822
Accounts receivable - Province of PEI	-	50,000
	$894,902	$928,129
LIABILITY AND SHAREHOLDER'S EQUITY		
Accrued liability	$123,193	$ 80,977
Shareholder's Equity		
Share capital - Note 4	100	100
Surplus - Statement 2	771,609	847,052
	771,709	847,152
	$894,902	$928,129

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

DIRECTOR: __________

DIRECTOR: Sandra Gaudet

STATEMENT 2

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF REVENUES, EXPENDITURES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
Revenues		
Provincial grant	$ -	$ 50,000
Interest revenue	23,912	21,526
	23,912	71,526
Expenditures		
Administration	6,528	4,751
Research projects	92,827	20,000
	99,355	24,751
Net income (loss) for the year	(75,443)	46,775
Surplus, beginning of year	847,052	800,277
Surplus, end of year	$771,609	$847,052

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Province	$ 50,000	$100,000
Receipt from investment account	50,000	-
Payments to projects	(50,663)	(59,809)
Payments for administration costs	(6,476)	(4,751)
Interest received	2,632	2,171
NET INCREASE IN CASH	45,493	37,611
CASH		
Balance, beginning of year	95,307	57,696
Balance, end of year	$140,800	$ 95,307

(The accompanying notes are an integral part of these financial statements.)

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. Operations

The PEI Aquaculture and Fisheries Research Initiative Inc. was incorporated on March 27, 1996 under Part 1 of the Companies Act. The main objective of the corporation is to provide funds for aquaculture, commercial fisheries and processing research in the Province.

2. Short Term Investments

Short term investments are interest bearing investments that are carried at cost plus accrued interest. Since these investments are held for a short period of time, their market value approximates their carrying value.

3. Commitments

In addition to the accrued liability, the corporation has approved two research projects providing for future commitments of:

April 1, 2004 - March 31, 2005	$55,515
April 1, 2005 - March 31, 2006	20,000
	$75,515

Subsequent to year end, the corporation's board of directors approved three research projects resulting in future commitments of $108,000 for the period of April 1, 2004 to March 31, 2005.

4. Share Capital

The corporation has authorized 5,000 common shares with a $1 par value. As at March 31, 2004, there were 100 common shares issued and outstanding. The Government of Prince Edward Island, as represented by the Minister of Agriculture, Fisheries, Aquaculture and Forestry is the sole shareholder.

5. Provincial Administrative Expenses

Costs incurred by the Department of Agriculture, Fisheries, Aquaculture and Forestry on behalf of the PEI Aquaculture and Fisheries Research Initiative Inc. in administering this fund are not reflected in these financial statements. These costs include salary and related employee benefits, office accommodations, and miscellaneous administrative expenses.

6. Comparative Figures

Certain 2003 financial statement figures, presented for comparative purposes, have been reclassified to conform with 2004 financial statement presentation.

Prince Edward Island Business Development Inc.

Consolidated Financial Statements
March 31, 2004

ARSENAULTBESTCAMERONELLIS
CHARTERED ACCOUNTANTS

ArsenaultBestCameronEllis
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80 Water Street
PO Box 455
Charlottetown, Prince Edward Island
Canada C1A 7L1
Telephone (902) 368-3100
Fax (902) 566-5074

June 9, 2004

Auditors' Report

To the Minister of Development and Technology

We have audited the consolidated balance sheet of **Prince Edward Island Business Development Inc.** as at March 31, 2004 and the consolidated statements of revenues and expenditures, retained earnings (deficit) and contributed surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

Prince Edward Island Business Development Inc.

Consolidated Balance Sheet

As at March 31, 2004

	2004 $	2003 $
Assets		
Current assets		
Cash and short-term investments (note 3)	1,196,293	2,619,486
Accounts receivable (notes 4 and 19)	1,911,427	1,937,855
Accrued interest receivable (note 19)	283,215	24,266
Grant receivable – ACOA	1,472,250	-
Inventory (note 4)	136,846	98,079
Prepaid expenses	2,159	12,751
Deposits on equipment	197,626	-
Current portion of loans receivable	6,864,782	2,500,701
Deferred charges	3,582,473	-
	15,647,071	7,193,138
Due from the Province of Prince Edward Island (note 5)	4,601,503	525,791
Loans receivable, less current portion (note 6)	20,497,842	945,020
Investment in non-marketable securities (note 7)	3,205,502	3,700,168
Property holdings (note 8)	11,356,492	9,493,328
Property and equipment (notes 9 and 19)	31,530,224	34,144,859
Funds held in trust (notes 3, 10 and 19)	3,009,257	6,721,954
Net investment in leases (note 11)	1,007,320	1,007,320
	90,855,211	63,731,578
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 16 and 19)	20,284,509	16,672,199
Provision for payment of guarantees (note 16)	1,497,467	1,564,510
Deferred revenue	38,240	30,319
Deferred contributions	244,197	49,504
Progress billings in excess of work-in-progress	50,697	1,841
Short-term notes payable (note 12)	13,743,916	-
Current portion of notes payable and long-term debt	1,146,438	1,286,274
Current portion of obligation under capital lease	70,000	20,000
	37,075,464	19,624,647
Funds held in trust (notes 10 and 19)	3,009,257	6,721,954
Notes payable and long-term debt, less current portion (note 13)	33,141,824	20,088,261
Obligation under capital lease, less current portion (note 14)	810,000	880,000
Deferred credits (notes 15 and 19)	15,200,084	14,796,163
	89,236,629	62,111,025
Contingent liabilities (note 16)		
Equity		
Contributed surplus (note 19 and 21)	1,560,295	1,786,248
Retained earnings (deficit)	58,287	(165,695)
	1,618,582	1,620,553
Approved by the Corporation	90,855,211	63,731,578

_______________________ Minister

Prince Edward Island Business Development Inc.

Consolidated Statement of Retained Earnings (Deficit) and Contributed Surplus

For the year ended March 31, 2004

	2004 $	2003 $
Deficit – Beginning of year	(165,695)	(781,184)
Excess revenue (expenditures) for the year	(1,971)	416,066
	(167,666)	(365,118)
Transfer of contributed surplus (note 21)	225,953	199,423
Retained earnings (deficit) – End of year	58,287	(165,695)
Contributed surplus – Beginning of year	1,786,248	1,786,248
Transfer of net assets from related company (note 20)	-	199,423
	1,786,248	1,985,671
Transfer to deficit (note 21)	(225,953)	(199,423)
Contributed surplus – End of year	1,560,295	1,786,248

Prince Edward Island Business Development Inc.

Consolidated Statement of Revenues and Expenditures

For the year ended March 31, 2004

	2004 $	2003 $
Revenue (note 19)		
Grant – Province of P.E.I.	27,927,100	30,717,000
Investment operations	104,131	993,477
Interest on loans receivable	496,188	398,385
Guarantee fees	326,150	181,778
Interest from deposits	20,643	36,820
Property operations	3,412,587	2,004,915
Miscellaneous	21,661	71,432
Project revenues	810,810	1,074,343
Retail operations (Schedule)	206,491	269,927
	33,325,761	35,748,077
Expenditures (note 19)		
Operating	9,052,936	7,617,897
Property operations	2,257,255	2,483,992
Development programs	16,847,483	20,092,357
Allowance for possible credit losses and guarantee payments (note 5)	1,578,987	1,205,994
Investment operations	2,064,795	2,660,842
Project costs	318,593	456,333
Retail operations (Schedule)	125,651	144,461
Amortization – property holdings, property and equipment and deferred costs	2,676,855	2,494,812
Amortization – deferred credits	(1,594,823)	(1,824,677)
	33,327,732	35,332,011
Excess revenue (expenditures) for the year	(1,971)	416,066

Prince Edward Island Business Development Inc.

Consolidated Statement of Cash Flows

For the year ended March 31, 2004

	2004 $	2003 $
Cash provided by (used in)		
Operating activities		
Excess revenue (expenditures) for the year	(1,971)	416,066
Items not affecting cash		
Amortization – deferred credits	(1,594,823)	(1,824,677)
Amortization – property holdings, property and equipment and deferred costs	2,676,855	2,494,812
Decrease (increase) in due from the Province of Prince Edward Island – allowance for possible losses	(1,358,977)	9,560,863
Provision for possible losses - subsidiaries	-	87,500
	(278,916)	10,734,564
Net change in non-cash working capital items		
Decrease in accounts receivable - net	26,428	1,040,487
Decrease (increase) in accrued interest receivable	(258,949)	96,758
Decrease (increase) in grant receivable – ACOA	(1,472,250)	587,000
Increase in deposits on equipment	(197,626)	-
Increase in deferred charges	(3,582,473)	-
Increase in deferred contributions	194,693	49,504
Decrease in prepaid expenses	10,592	6,439
Increase in inventory	(38,767)	(11,283)
Decrease in provision for payment of guarantees	(67,043)	(20,490)
Increase in accounts payable and accrued liabilities	3,612,310	775,290
Increase in deferred revenue	7,921	2,418
Increase in progress billings in excess of work in progress	48,856	871
	(1,995,224)	13,261,558
Financing activities		
Increase in due from the Province of P.E.I. – current operations	(2,716,735)	(992,942)
Increase (decrease) in deferred credits – net	1,998,744	(167,102)
Net change in funds held in trust	(3,712,697)	(4,853,947)
Increase in short-term notes payable	13,743,916	-
Increase (decrease) in notes payable and long-term debt (net)	12,913,727	(3,954,921)
Increase in net investment in leases	-	(5)
Increase (decrease) in obligation under capital lease	(20,000)	900,000
Increase in contributed surplus	-	199,423
	22,206,955	(8,869,494)
Investing activities		
Purchase of property and equipment – net	(1,917,970)	(9,852,240)
Additions to and purchases of property holdings	(219,575)	(2,480,115)
Reductions of and proceeds on disposal of property holdings	212,161	23,322
Decrease in investment in non-marketable securities	494,666	1,820,358
Decrease (increase) in loans receivable (net)	(23,916,903)	2,202,897
	(25,347,621)	(8,285,778)
Decrease in cash and short-term investments and funds held in trust	(5,135,890)	(3,893,714)
Cash and short-term investments and funds held in trust – Beginning of year	9,341,440	13,235,154
Cash and short-term investments and funds held in trust – End of year	4,205,550	9,341,440

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

1. Status of the Corporation

Prince Edward Island Business Development Inc. is a Crown corporation incorporated under the Prince Edward Island Business Development Inc. Act (formerly Enterprise P.E.I. Act). Its financial results are included in the public accounts of the Province of Prince Edward Island.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

a) General

These consolidated financial statements include the accounts of the wholly-owned subsidiaries, F.T.C. Enterprises Limited, Environmental Industrial Services Inc., Corporate Services Ltd., Gateway Village Development Inc., Solanum – P.E.I., A Canadian Potato Systems Company Inc., Island Products Holding Inc., Technology Prince Edward Island Inc. and 100417 P.E.I. Inc. all having March 31, 2004 year ends.

b) Differential reporting options

The company, with the unanimous consent of its shareholder, the Province of Prince Edward Island, has elected to prepare its statements in accordance with Canadian generally accepted accounting principles using the differential reporting options available to non-publicly accountable enterprises described below:

i) Investment subject to significant influence

The company has elected to use the cost method to account for its investment in Slemon Park Corporation. Slemon Park Corporation is subject to significant influence and would otherwise be accounted for using the equity method of accounting. Details of the investment is as follows:

	2004 $	2003 $
56,000 common shares of Slemon Park Corporation	1	1

These shares are held by 100417 P.E.I. Inc. and represent 56% of the issued common shares of the company. The purpose of 100417 P.E.I. Inc. is to hold these shares and distribute them over time to anchor tenants in accordance with the original objectives of Slemon Park Corporation.

c) Inventory

Inventory is valued at the lower of cost, determined on the first-in, first-out basis, and market, which is defined as net realizable value.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

d) **Due from the Province of Prince Edward Island**

i) Current operations

Operating grant – Province of Prince Edward Island is the balance due (to) from the Province for grants (in excess of) or less than expenditures in the current year.

Excess revenue for the 2003 year for the parent company, Prince Edward Island Business Development Inc., was recorded as a reduction in deficit and was not required to be returned to the province as a component of current operations.

ii) Allowance for possible credit losses

The annual funded allowance for possible credit losses (expense or recovery) is recorded as an amount "Due from the Province of Prince Edward Island – Allowance for Possible Credit Losses". The "Due from the Province of Prince Edward Island – Allowance for Possible Credit Losses" is reduced when a write-off is recognized by both Prince Edward Island Business Development Inc. and the Province, with notes payable reduced correspondingly. The allowance for possible losses is also reduced by any payment received from the Province on the allowance for possible losses for guarantees. During the year, Prince Edward Island Business Development Inc. recorded an allowance and corresponding expense of $1,578,987 (2003 – $1,205,996). The transfer to current operations for concessionary investments and property holdings of nil (2003 – $5,419,061) reduced the allowance for possible losses and corresponding notes payable.

e) **Loans receivable**

Working capital demand loans and craft loans are recorded at cost less an allowance for possible losses. These loans are due on demand and bear interest at rates ranging from 4% to 9.5% and are repayable within the next fiscal year.

Long-term loans are recorded at cost less an allowance for possible losses. These loans are issued at long-term interest rates and are repayable over various terms to a maximum of 12 years with interest rates ranging from 4% to 9.25%.

An impaired loan is where, in management's opinion, there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

f) **Allowance for possible losses**

An allowance for possible losses is maintained which is considered adequate to absorb all credit and investment related losses and off-balance sheet items including guarantees. The allowance is deducted from the applicable asset on the balance sheet, except for guarantees. The allowance for guarantees is included in accounts payable for Entrepreneurial Loan Program guarantees and as "Provision for payment of guarantees" on the balance sheet for the remaining guarantee allowance.

The allowance consists of specific and general provisions.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

Specific provisions include the accumulated allowances for losses on particular assets required to reduce the book values to estimated realizable amounts. Specific provisions total $2,594,385 (2003 – $1,197,514). The accumulated allowances for losses on specific off-balance sheet items at March 31, 2004 total $1,665,551 (2003 – $1,764,410). Of this total, $168,084 (2003 - $200,000) is included in the accounts payable and accrued liabilities, and $1,497,467 (2003 – $1,564,410) is recorded as provision for payment of guarantees.

The company does not accrue interest on a loan receivable once a specific provision has been recorded against the loan.

The corporation reviews its investments and advances, leased property and property holdings and guarantees on an ongoing basis to assess whether an allowance or write-off is required.

A variety of methods are used to determine the amount expected to be recovered from investments and advances to private companies and property holdings, including estimated future cash flows and the estimated fair value of the underlying security and value of any collateral security taken.

A general provision of $324,788 (2003 – $424,287) includes accumulated allowances for losses which are prudential in nature and cannot be specifically identified. The general provision is based on past performance of similar assets, the level of the specific provision, management's judgement, the economic climate and the maturity and financial strength of the investee.

g) Investment in non-marketable securities

Investment in and advances to private companies not considered to be concessionary are recorded on the balance sheet at one-half of cost less an expense of 50% to development programs, except for two preferred share investments, less an allowance for possible losses. Any recovery exceeding the balance in share investment is taken into revenue when received.

The two investments in preferred shares of private companies that are not being carried at one-half of their cost are being carried at the lower of cost and estimated realizable value.

Investments under the Venture Capital Equity Program are recorded at cost less an allowance for possible losses.

Advances – Venture Capital Debt Program are recorded at cost, less an allowance for possible losses.

Equity investments are reviewed annually for potential declines in value and are written down or an allowance is recorded if a decline in value is considered evident. Write downs are included in programs expense.

It is not practical within constraints of timeliness and cost to determine the fair value of the investment in private companies as these investments are in closely held private companies that have no organized financial market. The estimated realizable value of these investments and advances is based on expected future cash flows.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

h) **Property holdings, property and equipment and amortization**

i) Property holdings

Property holdings are reported at the lower of cost, net of government grants, and estimated realizable value.

Office furniture and equipment and computer equipment are fully expensed in the year of acquisition, except for F.T.C. Enterprises Limited and Atlantic Technology Centre Inc., a subsidiary of Technology Prince Edward Island Inc., which record these items as a capital asset at cost less accumulated amortization. The amount expensed during the year ended March 31, 2004 was $177,265 (2003 – $89,804). Land improvements and buildings in Prince Edward Island Business Development Inc. are amortized using the straight-line method at the rates of 10% and 4% respectively. Land and improvements and equipment included in industrial sites are amortized using the straight-line method at the annual rates of 8% and 20% respectively. Buildings held for resale and industrial malls are amortized using the straight-line method at the annual rates of 7% and 4%. Proceeds on the sale of industrial sites are recorded as a reduction in the carrying value of the asset. The test cells are amortized using the straight-line method at the annual rate of 4%. Signage is amortized using the straight-line method at the annual rate of 20%.

ii) Property and equipment – F.T.C. Enterprises Limited

Design and pre-construction costs incurred by the company associated with a building to be constructed were recorded as building soft costs in the 2003 year. These costs have been capitalized in the current year as part of the building under construction. Amortization of costs related to the building under construction will commence upon completion of construction.

iii) Amortization

Property and equipment are amortized using the straight-line method at annual rates ranging from 5% to 100% as indicated in note 9.

A full year's amortization is recorded in the year of acquisition.

iv) Estimated realizable value

Estimated realizable value for industrial sites is the expected proceeds on resale and for industrial malls it is the property tax assessed value.

Estimated realizable value for land, buildings and equipment held for resale under lease purchase options is its property tax assessed value.

Estimated realizable value for the test cell is the net cost to construct the asset supported by a payment under a long-term lease agreement.

The reduction from cost to estimated realizable value is recorded as a provision for possible losses.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

i) **Net investment in leases**

The company's subsidiaries accumulate costs of constructing assets, that are to be classified as capital leases, as assets under capital lease, and the related grants as deferred credits until the lease term begins. When the lease term begins, the assets under capital lease and deferred credits are removed from the balance sheet and a net investment in leases is recorded. The net investment in leases represents the minimum lease payments receivable over the term of the lease plus the purchase option.

j) **Programs assistance payable**

Provincially funded non-cost shared program assistance is expensed and included in accrued liabilities when approved and accepted. Federal-Provincial cost shared programs are expensed when the funds are disbursed. Infrastructure assistance requiring future performance criteria is expensed when the funds are disbursed. Certain infrastructure assistance approved and not disbursed at year end is recorded as deferred charges.

The P.E.I. Food Products Development Fund is a provincially-funded research assistance program administered by F.T.C. Enterprises Limited. Grants under the program are included in income and a corresponding expense and accrued liability is recorded when the grant is received. The accrued liability is reduced when contributions are made to projects. There is $354,249 (2003 - $178,305) in unexpended assistance included in accrued liabilities at year-end. The company has committed funds to qualifying projects in the amount of $173,205 for the 2005 fiscal year.

k) **Federal programs and grants**

Federal programs

Prince Edward Island Business Development Inc. administers programs on behalf of the Federal Government. Any difference between federal funding received and program expenditures is recorded as an accounts receivable or accounts payable. During the year, Prince Edward Island Business Development Inc. disbursed $495,437 (2003 – $1,256,112) under the programs. Included in accounts receivable is $97,986 (2003 – $360,367) due from the federal government relating to the 2004 programs.

Included in the development program expenditures is $293,911 (2003 – $228,841) in costs related to salary costs of Prince Edward Island Business Development Inc. employees who deliver and administer these programs. This cost recovery has been recorded as a reduction in Prince Edward Island Business Development Inc.'s operating expenditures.

Federal grants

Federal government grants received relating to operating or program expenditures are recorded as a reduction in the related expenditures in the period received. During the year, the company has recorded $448,392 (2003 – $507,120) as a reduction of development program expenditures for federal grants received.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

l) **Pension liability**

Most of the corporation's staff are members of the Province of Prince Edward Island pension plan. Pension obligations are liabilities of the Province and not the corporation and no liability for these costs has been accrued by the corporation.

m) **Deferred credits**

Prince Edward Island Business Development Inc. subsidiaries have adopted the policy that contributions received towards the acquisition of property and equipment will be recorded as deferred credits and amortized to earnings on the same basis as the related property and equipment are amortized. Contributions received and not spent on property and equipment at year-end are recorded as deferred contributions.

n) **Revenue recognition**

Prince Edward Island Business Development Inc. subsidiaries follow the percentage-of-completion method of accounting for revenue and expenditures on project contracts. The percentage-of-completion method records the organization's revenue based on the expenditures incurred and work completed on each contract in progress as at the balance sheet date. Unearned revenue is recorded as deferred revenue.

Work in progress in excess of progress billings is recorded at year end to appropriately recognize revenue under the percentage-of-completion basis of accounting when work in progress is in excess of actual billings generated. When progress billings are in excess of the related work in progress at year end the excess is recorded as progress billings in excess of work in progress.

Revenue from product royalties is recorded as received.

o) **Film and new media investments**

Investments made under the film and new media equity investments program are recorded as an expense under program expenditures when approved and accepted by the client. Revenue received as a recovery of those investments based on a percentage of income or under royalty agreements is recorded as revenue in the period received.

p) **Interest expense**

Interest paid by Prince Edward Island Business Development Inc. is included in the expenditure category to which it relates. Included in expenses is interest expense for 2004 as follows:

	2004 **$**	**2003** **$**
Interest on short-term borrowings	81,303	45,122
Interest on long-term debt	2,306,499	1,908,248
	2,387,802	1,953,370

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

q) **Management estimates**

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period.

r) **Estimated realizable value of financial instruments**

Estimated realizable value (fair value) is subjective in nature requiring a variety of valuation techniques and assumptions. The company's financial instruments are not exchangeable and it is difficult, and often not practical, to determine their estimated realizable value. Where it is possible to estimate realizable value, the company assumes that it will not sell the assets or the liabilities, taking into account only changes in credit risk as credit risk is the main cause of change in the estimated realizable value of the company's financial instruments. Credit risk is defined as the risk that the note holder will fail to discharge an obligation in whole or in part resulting in a financial loss to this company.

3. Market value of investments

Cash and short-term investments and funds held in trust of $4,205,550 (2003 – $9,341,440) consist of portfolio investments and cash having a quoted market value of $4,305,059 (2003 – $9,445,760). The majority of marketable securities have a fixed value and it is expected that most securities will be held until they mature.

4. Accounts receivable and inventory

The accounts receivable have been reduced by an allowance for possible losses of $27,977 (2003 – $43,732).

Inventory has been reduced by an allowance for possible losses of $56,308 (2003 – $11,230).

5. Due from the Province of Prince Edward Island

	2004 $	2003 $
Current operations		
Operating grant - Province of Prince Edward Island	422,065	(2,294,670)
Allowance for possible losses		
Balance – beginning of year	2,820,461	12,381,324
Current year's allowance for possible credit losses expense	1,578,987	1,205,996
Current year write-offs	-	(5,106,860)
Current year's provision for possible losses recorded as a surplus	-	562,055
Transfer to current operations for concessionary investments and property holdings (notes 7 and 8)	-	(5,419,061)
Payment on provision for possible losses	(220,010)	(802,993)
	4,179,438	2,820,461
Balance – end of year	4,601,503	525,791

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

6. Loans receivable

					2004	2003
	Total $	Impaired Loans included in total $	Allowance for possible losses General $	Allowance for possible losses Specific $	Net $	Net $
Working capital demand and craft loans	7,712,259	581,208	-	990,973	6,721,286	1,959,480
Long-term loans						
Manufacturing and processing	18,827,004	126,525	87,586	578,432	18,160,986	771,381
Tourism	300,000	-	-	60,000	240,000	320,000
Small business	2,487,297	-	-	440,000	2,047,297	154,913
Other	173,373	-	-	-	173,373	210,515
Technology	19,682	-	-	-	19,682	29,432
	21,807,356	126,525	87,586	1,078,432	20,641,338	1,486,241
Total Loans Receivable	29,519,615	707,733	87,586	2,069,405	27,362,624	3,445,721
Less: loans due within the next fiscal year	7,276,032	581,208	-	411,250	6,864,782	2,500,701
	22,243,583	126,525	87,586	1,658,155	20,497,842	945,020

Included in working capital loans is a demand note receivable of $5,500,000 (2003 – nil) due from Prince Edward Island Economic Development Fund (No. IV) Inc., a subsidiary of a provincial Crown corporation.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

6. Loans receivable

					2004	2003
	Total $	Impaired Loans included in total $	Allowance for possible losses General $	Allowance for possible losses Specific $	Net $	Net $
Working capital demand and craft loans	7,712,259	581,208	-	990,973	6,721,286	1,959,480
Long-term loans						
Manufacturing and processing	18,827,004	126,525	87,586	578,432	18,160,986	771,381
Tourism	300,000	-	-	60,000	240,000	320,000
Small business	2,487,297	-	-	440,000	2,047,297	154,913
Other	173,373	-	-	-	173,373	210,515
Technology	19,682	-	-	-	19,682	29,432
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Total Loans Receivable	29,519,615	707,733	87,586	2,069,405	27,362,624	3,445,721
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Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

7. Investment in non-marketable securities

	2004 $	2003 $
Investment in private companies		
Small Business and Venture Capital Equity Program investments	524,071	608,530
Less: Allowance for possible losses	255,000	100,000
	269,071	508,530
Investment in preferred shares of private corporations	2,904,813	3,144,814
Royalties receivable from private corporation	31,618	31,618
	3,205,502	3,684,962
Advances – Venture Capital Debt Program		
Advances to private companies – bearing interest at variable rates, repayable on performance	269,980	283,775
Less: Allowance for possible losses	269,980	268,569
	-	15,206
	3,205,502	3,700,168

Of the preferred shares in private corporations, $50,000 are to be redeemed by the issuer at the rate of $10,000 per year, with the first redemption to occur in the 2008 year.

The royalties receivable are non-interest bearing and are to be recoverable in the amount of 1.25% of gross income received by the purchaser for the direct sales of the products sold or 12.5% of net licensing fees received by the purchaser for licensing agreements, with one-half of these royalties being payable to the original patent holders by F.T.C. Enterprises Limited under an assignment. During the year, F.T.C. Enterprises Limited received net royalties of nil (2003 – nil).

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

8. Property holdings

			2004	2003
	Cost $	Accumulated amortization and grants $	Net $	Net $
Land	981,500	-	981,500	981,500
Land improvements	44,766	13,430	31,336	35,812
Building	1,611,451	193,374	1,418,077	1,482,533
Land, buildings and equipment held for resale or under lease purchase option	2,593,439	929,638	1,663,801	1,889,723
Industrial sites	11,155,502	8,527,068	2,628,434	329,761
Industrial malls	2,806,046	2,806,046	-	-
Test cells	4,937,000	343,749	4,593,251	4,729,361
Signage	64,066	23,973	40,093	44,638
	24,193,770	12,837,278	11,356,492	9,493,328

Included in land, buildings and equipment held for resale or under lease purchase options is land of $991,382 (2003 - $1,105,159).

Included in industrial sites is land of $624,210 (2003 - $329,762).

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

9. Property and equipment

				2004	2003
	Amortization rate %	Cost $	Accumulated amortization $	Net $	Net $
F.T.C. Enterprises Limited					
Building	5 SL	2,544,514	1,823,187	721,327	848,553
Building soft costs		-	-	-	99,167
Building under construction		941,446	-	941,446	-
Pilot plant and laboratory equipment	10 - 20 SL	2,469,042	1,616,767	852,275	311,772
Computer and audio visual equipment	33 1/3 SL	474,866	445,146	29,720	17,375
Office furniture and equipment	20 SL	171,779	166,124	5,655	10,747
		6,601,647	4,051,224	2,550,423	1,287,614

Included in pilot plant and laboratory equipment is $623,542 (2003 –nil) of equipment purchased during the 2004 fiscal year for use in the building under construction No amortization has been recorded on this equipment in the current year as it was not available for use Amortization of these assets will commence when the equipment is put to commercial use

Souris Food Park Development Corporation					
Land		-	-	-	242,898
Land improvements	8 SL	-	-	-	1,306,176
Waste treatment – soft costs	8 SL	-	-	-	55,062
Soft costs	8 SL	-	-	-	1,006,056
		-	-	-	2,610,192
Gateway Village Development Inc.					
Land		1	-	1	1
Building – Phase I	5 SL	3,095,313	1,057,565	2,037,748	2,192,513
– Phase II	5 SL	1,656,309	496,892	1,159,417	1,242,232
Land improvements – Phase I	10 SL	816,743	558,109	258,634	340,309
– Phase II	10 SL	357,244	213,734	143,510	179,235
Interpretative Centre	20 SL	1,078,080	1,078,080	-	2,323
Retail fixtures – Phase I	20 SL	77,466	77,466	-	1,720
– Phase II	20 SL	95,970	95,970	-	2,362
Signage	20 SL	12,798	12,798	-	2,559
		7,189,924	3,590,614	3,599,310	3,963,254
Environmental Industrial Services Inc.					
Bloomfield Mall					
Land improvements	10 SL	142,328	21,349	120,979	135,212
Building	4 SL	1,823,975	109,439	1,714,536	1,787,495
Waste treatment facility	3 33 SL	289,014	12,540	276,473	258,621
		2,255,317	143,328	2,111,988	2,181,328
Property for development – land		929,085	-	929,085	929,085
Soft costs		86,307	-	86,307	86,307
		3,270,709	143,329	3,127,380	3,196,720

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

Technology Prince Edward Island Inc.					
Property and equipment					
Land		2,391,916	-	2,391,916	2,378,082
Land improvements	10 SL	67,000	10,050	56,950	63,650
Building	2.5 SL	18,841,889	702,808	18,139,081	18,309,079
Furniture and fixtures	20 SL	313,273	93,460	219,813	277,250
Computer hardware	33 1/3 SL	1,424,927	699,576	725,351	1,139,018
Computer software	100 SL	50,800	50,800	-	20,000
		23,089,805	1,556,694	21,533,111	22,187,079
Asset under capital lease					
Interactive theatre	20 SL	900,000	180,000	720,000	900,000
		23,989,805	1,736,694	22,253,111	23,087,079
		41,052,085	9,521,861	31,530,244	34,144,859

SL – straight line

10. Funds held in trust

Under the terms of an agreement between Corporate Services Ltd., Prince Edward Island Government Economic Development Fund (No. IV) Inc., (Island Fund IV), and Prince Edward Island Government Economic Development Fund (No. V) Inc., (Island Fund V), Corporate Services Ltd. is to act as the Escrow Agent for investors of a $30,000,000 venture capital fund offering for Island Fund IV and $35,000,000 venture capital fund offering for Island Fund V.

Corporate Services Ltd. receives the subscription forms from potential investors and holds the funds in trust until the commencement date. The commencement date is to be established within 100 days of receipt of twelve subscriptions. On the commencement date, the Escrow Agent shall:

- Advance to Island Fund IV or Island Fund V
  - 70% of subscription proceeds to be reinvested; and
  - 10% of subscription proceeds to be used to cover offering and operating costs;

  Interest earned on the account while the funds are in escrow is the property of the specific fund.

- Establish a repayment account to retain on deposit the remaining 20% of the subscription proceeds to be invested in liquid, low-risk investment account, for the purpose of refunding rejected investors. Interest earned on the repayment account accrue to the benefit of the specific project, Island Investment Development Inc., or Island Fund IV or V as applicable, and not Corporate Services Ltd.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

11. Net investment in leases

The net investment in leases represents the minimum lease payments over the term of the lease plus purchase options receivable. The net investment in leases consists of the following:

Environmental Industrial Services Inc.

Environmental Industrial Services Inc. has entered into agreements to lease three properties on terms that require these leases to be accounted for as capital leases. In accounting for the capital leases, the property and equipment and related deferred credits have been removed and the lease payments receivable recorded as net investment in leases. The net investment in leases consists of the following:

- McCain Foods Limited – 10-year lease term for the period from February 20, 1991 to December 31, 2000, with the lessee paying all operating costs, an annual lease payment of nil and a purchase option of $20.
- Cavendish Farms – 8-year lease term for the period from January 1, 1994 to December 31, 2001, with the lessee paying all operating costs, an annual lease payment of nil and a purchase option of $10.

Both leases have been extended an additional 10 years at the expiration of the original lease term at the option of the lessee.

- Small Fry Snack Foods Inc. – 9-year lease term for the period from December 22, 1996 to December 31, 2005, with the lessee paying all operating costs, an annual lease payment of nil and a purchase option of $7,260.

Prince Edward Island Business Development Inc.

Souris Food Park Development Corporation had entered an agreement to lease its property on terms that require the lease to be accounted for as capital leases. When the company entered into the capital lease for capital property that it owned, the property and equipment and related deferred credits were removed and the company recorded a net investment in lease. This investment in lease was assumed by Prince Edward Island Business Development Inc. during the year as part of the general conveyance agreement as disclosed in note 20(a).

The net investment in lease represents the minimum lease payments over the term of the lease plus purchase options receivable. The net investment in lease consists of the following:

- AgraWest Investments Ltd. – 5-year lease term for the period from June 16, 2002 to June 15, 2007, $5 per year with a purchase option of $1,000,000.

12. Short-term notes payable

	2004 $	2003 $
Promissory notes payable to the Province of Prince Edward Island, with interest rates ranging from 2.24% to 4.8%	13,743,916	-

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

The promissory notes are due on demand, are renewed every thirty days with the lender and are unsecured. The notes are to be converted to long-term notes payable subsequent to year-end at rates and terms to be determined.

13. Notes payable and long-term debt

	2004 $	2003 $
4% promissory note, due October 10, 2007, interest only payable annually commencing October 31, 2004	2,200,000	-
5.84% note payable, payable $37,870 semi-annually including principal and interest, maturing March 31, 2013	524,383	567,597
6.60% note payable, payable $893,465 annually including principal and interest, maturing March 31, 2012	5,418,848	5,921,495
4.4% note payable, payable $63,679 quarterly interest only, maturing December 31, 2008	5,789,000	-
4% promissory note, due November 28, 2008, with interest payable quarterly and principal payments due each November 30 of $1,250,000, beginning in 2005	6,211,000	-
6.62% Bank of Nova Scotia mortgage, repayable $40,333 monthly plus interest, maturing August 30, 2017	11,333,667	11,817,667
5.65% Bank of Nova Scotia loan, payable $18,106 monthly including principal and interest, maturing March 20, 2007	2,451,364	2,527,776
ACOA non-interest bearing loan due February 1, 2006, repayable in annual instalments of $180,000	360,000	540,000
	34,288,262	21,374,535
Less: Current portion	1,146,438	1,286,274
	33,141,824	20,088,261

The 5.84% note payable, 4.4% note payable and the 6.60% note payable are issued to the Province of Prince Edward Island.

The two 4% promissory notes are payable to Prince Edward Island Century Fund 2000 Inc., a subsidiary of a provincial Crown corporation.

The notes payable and long-term debt are unsecured, except for the 6.62% Bank of Nova Scotia mortgage, which is secured by a full guarantee provided by the Province of Prince Edward Island.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

The aggregate amount of principal payments required in each of the next five years to meet retirement provisions is as follows:

	$
Year ending March 31, 2005	1,146,438
2006	2,799,202
2007	2,484,732
2008	4,733,209
2009	9,584,823

14. Obligation under capital lease

Atlantic Technology Centre Inc.

The following is an analysis of the future minimum lease payments on a capital lease. The lease expires October 2007.

	2004 $	2003 $
4% lease, payable in annual instalments $105,200 in 2004, $182,400 in 2005, $326,400 in 2006 and $374,400 in 2007, payable on October 31 of each year	988,400	1,044,400
Less: amount representing interest	108,400	144,400
Balance of obligation	880,000	900,000
Less: current portion	70,000	20,000
	810,000	880,000

The total annual principal payments over the term of the lease are as follows:

	$
Year ending March 31, 2005	70,000
2006	150,000
2007	300,000
2008	360,000
	880,000

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

15. Deferred credits

			2004	2003
	Cost $	Accumulated amortization $	Net $	Net $
F.T.C. Enterprises Limited				
Building	2,368,875	1,721,644	647,231	765,674
Building soft costs	-	-	-	99,167
Building under construction	941,446	-	941,446	-
Pilot plant and laboratory equipment	2,062,675	1,263,979	798,696	255,126
Computer and audio visual equipment	112,923	73,131	39,792	19,214
Office furniture and equipment	67,886	62,478	5,408	10,499
	5,553,805	3,121,232	2,432,573	1,149,680
Souris Food Park Development Corporation				
Federal	-	-	-	2,402,476
Provincial	-	-	-	207,716
	-	-	-	2,610,192
Gateway Village Development Inc.				
Building – Phase I	3,095,313	1,057,568	2,037,745	2,192,511
Land improvements	816,743	558,106	258,637	340,311
Interpretative Centre	1,072,001	1,072,001	-	-
Retail fixtures	73,735	73,735	-	-
	5,057,792	2,761,410	2,296,382	2,532,822
Environmental Industrial Services Inc.				
Bloomfield Mall	879,812	65,598	814,214	857,946
Technology Prince Edward Island Inc.				
Building	6,711,000	246,372	6,464,628	6,209,255
Computer hardware	1,424,927	699,576	725,351	1,139,018
Computer software	50,800	50,800	-	20,000
Furniture and fixtures	313,273	93,459	219,814	277,250
	8,500,000	1,090,207	7,409,793	7,645,523
Prince Edward Island Business Development Inc.				
Industrial sites	7,836,094	5,588,972	2,247,122	-
	27,827,503	12,627,419	15,200,084	14,796,163

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements
March 31, 2004

16. Contingent liabilities

a) The corporation is contingently liable under loan guarantees at March 31 as follows:

	2004 $	2003 $
Loan guarantees	12,052,126	7,359,869
Provision for possible payment	1,497,467	1,564,510

The provision for possible payment is included in the overall allowance for possible losses.

The corporation is also contingently liable under entrepreneur loan program guarantees of $1,680,841 (2003 – $1,634,487) for which a provision for possible losses of $168,084 (2003 – $200,000) has been included in accounts payable and accrued liabilities.

Included in the guarantees is a guarantee of an operating line of credit in the amount of $226,899 (2003 – $687,081) of a subsidiary, Island Product Holdings Inc.

Included in loan guarantees is $495,000 for an equity investment and $2,604,000 in guarantees for line of credit balances. Also included is $8,953,126 in guarantees for term loans which have a carrying value of $8,596,928 at March 31, 2004. The above guarantees have various expiry dates ranging from April 2004 to May 2023.

The guarantees are secured by various assets and proceeds from liquidation are expected to cover the remaining amount of the guarantees.

b) F.T.C. Enterprises Limited has guaranteed loans totalling $25,000 of one of the private corporations in which it has invested.

c) A letter of claim has been filed against Prince Edward Island Business Development Inc. seeking unspecified damages. Management believes the claim is completely without foundation, and that the liability, if any, is unlikely at this time, and accordingly, no provision has been recorded in the accounts for future possible losses.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements
March 31, 2004

17. Commitments

a) F.T.C. Enterprises Limited has entered into a twenty-five year lease expiring November 2013 with the University of Prince Edward Island for the land upon which the corporation constructed its facilities. The lease cost is $1 per year and is renewable for a further term of twenty-five years for the same annual consideration.

b) The minimum annual lease payments required by Atlantic Technology Centre Inc. over the next five years under an operating lease for network management services and technological equipment expiring July 2007 are as follows:

	$
Year ending March 31, 2005	120,000
2006	120,000
2007	120,000
2008	40,000

c) Loans approved by Prince Edward Island Business Development Inc. but not disbursed at March 31, 2004 total $22,596,492.

18. Operating agreements

Environmental Industrial Services Inc. has agreements with McCain Foods Limited, Irving Pulp & Paper Limited and Small Fry Snack Foods Inc. to operate wastewater treatment facilities to extend to December 2000, 2001 and 2005, respectively, and stipulate that the companies shall pay Environmental Industrial Services Inc. a user fee equal to the operating costs of the facilities excluding interest and amortization charges. The companies pay these operating costs directly and accordingly a user fee has not been charged by Environmental Industrial Services Inc. The leases with McCain Foods Limited and Irving Pulp & Paper Limited have the option to be extended an additional 10 years at the expiration of the lease term at the option of the lessee.

Environmental Industrial Services Inc. is responsible for operating the Brudenell and Crowbush Water and Sewer Utilities on behalf of the Province of Prince Edward Island. Environmental Industrial Services Inc. pays the operating costs of the Utility and recovers these costs from the users of the utility on a pro-rata basis based on usage.

During the year, the company recovered $5,901 (2003 – $6,294) in costs from related parties, Tourism PEI and Golf Links Prince Edward Island Inc. Tourism PEI is a provincial Crown corporation and Golf Links Prince Edward Island Inc. is a subsidiary of Tourism PEI.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

19. Related party transactions

Balance sheet

Accounts receivable

Included in accounts receivable is $249,431 (2003 – $52,337) due from the Province of Prince Edward Island and $85,201 (2003 – $18,331) due from related companies.

Accrued interest receivable

Included in accrued interest receivable is $13,675 (2003 – nil) due from a subsidiary of a provincial Crown corporation.

Funds held in trust

The funds held in trust are due to Island Investment Development Inc., a provincial Crown corporation.

Property and equipment

Included in the cost of the building of Technology Prince Edward Island Inc. is nil (2003 – $44,681) in capitalized interest paid to the Department of Provincial Treasury of Prince Edward Island.

The Province of P.E.I. transferred land to Gateway Village Development Inc. in 1997. In accordance with the terms of the transfer, the exchange and carrying amounts of the land was established as $1.

The Province of Prince Edward Island conveys land to the company periodically to be used for development purposes. The exchange and carrying amounts of land when transferred into the company is nil.

Accounts payable

Included in accounts payable and accrued liabilities is $21,077 (2003 – $58,904) payable to the Province of Prince Edward Island, and $84,306 (2003 – nil) due to related companies.

Deferred credits

During the year, Technology Prince Edward Island Inc. received, by way of grants from Prince Edward Island Business Development Inc., and paid by way of a grant to its wholly-owned subsidiary, Atlantic Technology Centre Inc., $500,000 (2003 – $2,500,000) from the Province of Prince Edward Island in special project funding for the acquisition of property and equipment. These grants have been recorded as deferred credits in the consolidated financial statements. These amounts have not been eliminated on consolidation.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

During the year, Environmental Industrial Services Inc. received grants of $17,692 (2003 – $172,010) and F.T.C. Enterprises Limited received grants of $221,192 (2003 – $178,258) from the Province of Prince Edward Island through Prince Edward Island Business Development Inc. that have been accounted for as deferred credits and included in program expenditures for the year. These amounts have not been eliminated on consolidation.

Contributed surplus

Gateway Village Development Inc. and F.T.C. Enterprises Limited have received a cumulative total of $1,786,248 in funds from the Province of Prince Edward Island through Prince Edward Island Business Development Inc. that have been accounted for as contributed surplus. This contribution has not been eliminated on consolidation.

Statement of revenue and expenditures

Revenue

Included in project revenues is a grant of nil (2003 – $110,000) paid to Solanum – PEI, A Canadian Potato Systems Company Inc. from the Province of Prince Edward Island.

Included in project revenues is a grant of nil (2003 – $10,000) paid to F.T.C. Enterprises Limited from the Province of Prince Edward Island.

Management fees

During the year, management fees of $150,000 (2003 – $150,000) were received from Island Investment Development Inc. and recorded as a reduction in operating expenditures. In addition, management fees of nil (2003 – $30,816) were received from Innovative Solutions Agency (P.E.I.) Inc., a provincial Crown corporation, and recorded as a reduction in operating expenditures.

During the year, management fees of nil (2003 – $2,600) were received from Island Investment Development Inc., a provincial Crown corporation, and have been recorded as miscellaneous revenue.

Interest expense

Included in expenditures is $1,235,936 (2003 – $1,285,621) in interest paid to the Province of Prince Edward Island.

Included in expenditures is $126,287 (2003 – nil) in interest paid to a subsidiary of a provincial Crown corporation.

Other

The company provides office premises to Tourism PEI for nil consideration.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements
March 31, 2004

The company rents land for the annual amount of $2,120 plus applicable taxes from Slemon Park Corporation under a fifty-year lease agreement, effective for the term September 28, 2001 to September 28, 2051.

The above transactions were recorded in the normal course of operations and measured on the same terms as transactions with unrelated parties.

20. Other

a) Effective December 20, 2003, Prince Edward Island Business Development Inc. entered into a general conveyance, assignment, and assumption of liabilities agreement with a subsidiary, Souris Food Park Development Corporation. Under this agreement, Souris Food Park Development Corporation transferred all of its assets and the benefit of all contracts to Prince Edward Island Business Development Inc. Prince Edward Island Business Development Inc. agreed to assume and discharge all liabilities of Souris Food Park Development Corporation, and to assume all expenses in connection with the proposed wind-up and dissolution of Souris Food Park Development Corporation.

The net assets and liabilities transferred were as follows:

	$
Cash	728
Property holdings – net	2,610,192
Net investment in lease	1,000,300
Accounts payable and accrued liabilities	(2,000)
Long-term debt	(540,000)
Deferred credits – net	(2,610,192)
Net loss to December 20, 2003	4,970
Net assets transferred	463,998

The net assets transferred were recorded by Prince Edward Island Business Development Inc. as a reduction of the intercompany receivable from Souris Food Park Development Corporation in the amount of $463,898and the elimination of the investment in subsidiary in the amount of $100.

b) Effective March 31, 2003, Innovative Solutions Agency (PEI) Inc. (ISA), a provincial Crown corporation, entered into a general conveyance, assignment, and assumption of liabilities agreement with Technology Prince Edward Island Inc. Under this agreement, ISA transferred all of its assets and the benefit of all contracts to Technology Prince Edward Island Inc. in exchange for the sum of $1, plus an assumption of all obligations of the company and an agreement by Technology Prince Edward Island Inc. to assume and discharge all liabilities of ISA, and to assume all expenses in connection with the proposed wind-up and dissolution of ISA.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2004

The assets and liabilities transferred were as follows:

	$
Cash	257,134
Accounts receivable	6,022
Other asset	1
Property and equipment	1
Accounts payable and accrued liabilities	(63,735)
Net assets transferred	199,423

The net assets transferred has been recorded as a credit to contributed surplus by Technology Prince Edward Island Inc. at March 31, 2003.

21. Contributed surplus

During the current year, the shareholders and directors of Gateway Village Development Inc. approved a transfer of $225,953 from contributed surplus to offset the accumulated operations deficit of the company as at March 31, 2003.

Effective March 31, 2003, the Board of Technology Prince Edward Island Inc. approved the transfer of the contributed surplus balance of $199,423 to reduce the balance of the deficit in Technology Prince Edward Island Inc. at the end of the fiscal year.

22. Comparative figures

Certain comparative figures presented for the 2003 fiscal year have been restated to conform with the financial statement presentation adopted for the current year.

Prince Edward Island Business Development Inc.

Schedule of Retail Operations

For the year ended March 31, 2004 **Schedule**

	2004 $	2003 $
Revenue		
Island Store	420,072	537,235
Consignment sales – net	5,921	8,635
	425,993	545,870
Cost of goods sold		
Island Store	219,502	275,943
Gross margin	206,491	269,927
Expenditures		
Salaries and benefits	60,924	66,258
Occupancy charge	41,967	53,723
Bank charges and interest	5,455	7,168
Travel and training	104	3,820
Packaging	6,418	3,478
Advertising and promotion	3,954	2,907
Electricity	2,796	2,870
Telecommunications	1,882	2,054
Administration	1,484	1,794
Maintenance and cleaning	1,406	1,505
Product development	-	277
Exchange gain	(739)	(1,393)
	125,651	144,461

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PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

FINANCIAL STATEMENTS

MARCH 31, 2004

AUDITOR'S REPORT

Honourable P. Mitchell Murphy
Provincial Treasurer
Province of Prince Edward Island

I have audited the statement of net assets available for benefits of the Civil Service Superannuation Fund as at March 31, 2004 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Provincial Treasurer. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
July 27, 2004

STATEMENT 1

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT MARCH 31, 2004

	2004	2003
ASSETS		
Cash	$ 355,727	$ 387,359
Receivables		
Contributions receivable - employees	347,093	472,806
Contributions receivable - employers	455,896	682,445
Other	27,961	52,830
	1,186,677	1,595,440
Investments (Notes 2b and 3)	473,248,957	373,050,020
Total assets	$474,435,634	$347,645,460
LIABILITIES		
Accounts payable	$ 749,069	$ 1,061,370
NET ASSETS AVAILABLE FOR BENEFITS	$473,686,565	$373,584,090

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
INCREASE IN ASSETS		
Investment income		
Interest	$ 8,780,184	$ 8,349,773
Dividends	5,488,116	5,862,490
	14,268,300	14,212,263
Market value increase (decrease)	84,817,191	(81,299,279)
Contributions (Note 5)		
Employees' contributions	9,233,847	8,679,152
Employers' contributions	9,233,847	8,679,152
Transfers from other plans	519,227	4,080,506
Refund repayments	97,268	110,622
Purchased service	653,925	550,910
Government contribution toward unfunded liability	5,926,605	5,926,605
	25,664,719	28,026,947
Total increase (decrease) in assets	124,750,210	(39,060,069)
DECREASE IN ASSETS		
Administrative expenses	1,821,458	1,792,292
Benefits paid	21,615,973	20,298,234
Refunds	306,607	385,039
Transfers	903,697	973,625
Total decrease in assets	24,647,735	23,449,190
INCREASE (DECREASE) IN NET ASSETS	100,102,475	(62,509,259)
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	373,584,090	436,093,349
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$473,686,565	$373,584,090

(The accompanying notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. Description of Plan

The following description of the Civil Service Superannuation Plan is a summary only. For more complete information, reference should be made to the Civil Service Superannuation Act.

a) General
The Plan is a contributory defined benefit plan covering government employees and employees of certain boards, commissions, crown corporations and agencies as defined in the Civil Service Superannuation Act. In addition, the Plan covers employees receiving disability payments under the Employees Long Term Disability Plan.

b) Contributions
Under the Plan, employees and the employer make equal contributions amounting to 6.95% on that part of the salary on which Canada Pension Plan contributions are made and 8.75% on salary when Canada Pension Plan contributions are not required.

c) Retirement Benefits
A member who has attained age 60 and has completed at least 5 years of service or has attained age 55 and has completed 30 years of service is entitled to an immediate pension which is payable in equal monthly installments.

The annual amount of the pension is equal to 2% of the average salary of the member in the three year period of pensionable service during which such average salary is highest, multiplied by the number of years of pensionable service to a maximum of 35 years. When the member reaches the age of 65 (or if he or she is 65 or over at retirement) the amount of pension described above is reduced by 0.7% of the average salary up to the average Maximum Pensionable Earnings under the Canada Pension Plan during the three year period over which the average salary has been computed, multiplied by the number of years of the member's pensionable service after July 1, 1966 or July 1, 1972, depending on the election of the member and payment of the required contributions to be eligible for the smaller offset.

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2004

1. **Description of Plan continued...**

Reduced benefits are available at age 55 with 5 years pensionable service. The pension for a member who retires prior to age 60 (and who is not entitled to an unreduced pension) is calculated as described in the previous paragraph but then is reduced by 0.25% for each month by which the early retirement date precedes the member's earliest unreduced retirement age. The lesser of the number of months between the date of actual retirement and the date the member would attain the age 60 or the number of months between the date of actual retirement and the date the member would have at least thirty years of service.

The above formula determines the amount of a member's initial pension at retirement. In subsequent years the amount of a member's pension is increased in line with increases in the Consumer Price Index, but the increase in any one year is limited to no more than 6%.

d) Death Benefits

On the death of a member prior to completing 5 years of pensionable service, or after completing 5 years of service but leaving no surviving spouse or dependant children, the members contributions accumulated with interest will be refunded. If a member dies prior to retirement but after completing 5 years of service, the member's spouse is entitled to an immediate lifetime pension equal to 60% of the accrued, unreduced pension of the member at the time of death. In addition to the spousal pension, an allowance equal to one-sixth of the pension paid to the surviving spouse is payable in respect of each dependent child, up to a maximum of 4 children, until the child attains age 18, or until 21 if the child is attending school full-time.

e) Termination and Portability Benefits

In the event of termination of employment for reasons other than retirement or death, a member may elect to receive either:

- a refund of the member's own contributions with interest, or
- if the member has completed at least five years of service, a deferred annuity commencing when the member attains the age of 60.

Where there are portability arrangements between the Plan and other plans, members may be able to carry certain pension rights to those other plans, or transfer contributions and service from those other plans to increase pension benefits under the Plan.

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2004

1. Description of Plan continued...

f) Marriage Breakdowns
Upon application, the pension benefits to which a person is entitled may be divided between the person and the spouse or former spouse.

g) Income Tax
The Plan is a Registered Pension Plan as defined under the Income Tax Act and is not subject to income tax.

2. Summary of Significant Accounting Policies

a) Basis of Presentation
These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Province and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period but do not portray the funding requirements of the Plan or the benefit security of individual Plan members.

b) Investments are stated at market value, with the exception of Real Estate Investments which are valued at cost, as reported by the custodian of the Province of Prince Edward Island Master Trust as of March 31, 2004.

3. Investments

Investments as of March 31, 2004 consist of the following:

Investment in Province of Prince Edward Island Master Trust	$473,248,325
Cash held for investment	632
	$473,248,957

The investments of the Civil Service Superannuation Fund, MLA Pension Fund, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. Units are held by each of these funds in the Master Trust. As of March 31, 2004 there were 715,509.553 units held in the Province of Prince Edward Island Master Trust, of which Civil Service Superannuation Fund held the following:

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2004

3. **Investments continued...**

Units held	428,227.411
Market value per unit	$1,105.13
Total market value held	$473,248,325

Investments of the Province of Prince Edward Island Master Trust are as follows:

Canadian T-Bills	$ 9,134,769
Other liquid assets	521,307
Bonds, debentures and notes	268,608,879
Canadian equity securities	344,360,538
Foreign equity securities	158,641,254
Accrued income receivable	4,336,517
Real estate	5,130,090
Total	$790,733,354

The investments of $790,733,354 include amounts which three of the five Master Trust Fund managers have invested in their own pooled funds. The March 31, 2004 market values of these investments are as follows:

Beutel Goodman & Company Ltd.	$ 25,134,396
Northwater Capital Management Inc.	181,353,782
Templeton Management Limited	109,723,021
Total	$316,211,199

4. **Obligations for Pension Benefits for Accounting Purposes**

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and best estimate assumptions. The most recent actuarial valuation for accounting purposes prepared by Morneau Sobeco disclosed an unfunded liability as at April 1, 2002 of $6,124,000. The unfunded liability of $6,124,000 does not include an allowance for the present value of the future contributions shown in Note 5.

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2004

4. Obligations for Pension Benefits for Accounting Purposes continued...

The actuarial present value of benefits as of March 31, 2004, the principal components of changes in actuarial present values during the year and the estimated unfunded liability, were as follows:

	2004
Actuarial present value of accrued benefits at beginning of year	$469,720,727
Interest accrued on benefits	36,722,570
Benefits accrued	13,070,143
Benefits paid	(22,826,277)
Actuarial present value of accrued benefits at end of year	496,687,163
Net assets available for benefits	473,686,565
Unfunded liability as at March 31, 2004	$ 23,000,598

The estimated unfunded liability of the fund of $23,000,598 does not include an allowance for the present value of the remaining special contributions. If the present value of the remaining special contributions had been considered, as of March 31, 2004, the fund would have an estimated unfunded liability of $17,073,993.

The economic assumptions used in determining the actuarial value of accrued pension for accounting purposes were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

Asset rate of return	7.9% per annum
Basic salary escalation rate (excluding promotional increases)	3.0% per annum
Pension cost of living increases	2.4% per annum

The Consolidated (Summary) Financial Statements of the Province record the obligation using the accounting method.

5. Funding Policy

In accordance with the Civil Service Superannuation Act, employees are required to contribute as described in Note 1(b). The employer matches employee contributions to the Fund. Under Section 5 of the Civil Service Superannuation Act, payments out of the Fund are guaranteed by the Province of Prince Edward Island. The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of April 1, 2002. This valuation disclosed an unfunded liability as at April 1, 2002 of $52,465,000.

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2004

5. Funding Policy continued...

For the purpose of reducing the unfunded liability of the Fund, the Civil Service Superannuation Act requires the Lieutenant Governor-in-Council to pay $63.35 million into the Fund in accordance with the following schedule:

April 1, 1995	$11.60 million
April 1, 1996	5.75 million
March 31, 1998*	5.75 million
April 1, 1998	5.75 million
April 1, 1999	5.75 million
April 1, 2000	5.75 million
April 1, 2001	5.75 million
April 1, 2002	5.75 million
April 1, 2003	5.75 million
April 1, 2004	5.75 million

*An amount equal to the revenue that would otherwise have been earned for the period April 1, 1997 to March 31, 1998, on the contribution for the 1997-98 fiscal year that is deferred to March 31, 1998, shall be paid in seven equal installments commencing on April 1, 1998.

PRINCE EDWARD ISLAND

CROWN BUILDING CORPORATION

FINANCIAL STATEMENT

MARCH 31, 2004

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Crown Building Corporation

I have audited the non-consolidated balance sheet of the Prince Edward Island Crown Building Corporation as at March 31, 2004. This financial statement is the responsibility of the Corporation's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this non-consolidated financial statement presents fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
April 1, 2004

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

BALANCE SHEET

AS AT MARCH 31, 2004

	2004	2003
ASSETS		
Account receivable - Province of P.E.I.	$ 43	$ 43
Capital assets - Note 2	271,340	271,340
Investment in veterinary clinic - Note 1(b)	7,545	7,545
TOTAL ASSETS	$278,928	$278,928
SURPLUS		
SURPLUS	$278,928	$278,928

(The accompanying notes are an integral part of this financial statement.)

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

NOTES TO FINANCIAL STATEMENT

MARCH 31, 2004

1. Accounting Policies

(a) The Corporation owns the Shaw and Sullivan Buildings which house various government departments. Rent is not charged for space occupied. Maintenance and operating costs are the Province's responsibility.

A statement of operations and surplus is not presented. Since the Corporation had no financial activity during the years ended March 31, 2003 and March 31, 2004, a statement of operations and surplus is not considered necessary.

(b) The Corporation purchased the shares of the Charlottetown Veterinary Clinic (1981) Ltd. and C.V.C. Management Inc. in October 1987. Most of the assets of the Charlottetown Veterinary Clinic (1981) Ltd. were sold at net book value to four former employees on May 30, 1997, and on this date business operations were assumed by the new owners. The company name was changed to 100099 P.E.I. Inc. on July 18, 1997, which was the closing date for the sale. Separate combined financial statements are issued for 100099 P.E.I. Inc. and C.V.C. Management Inc.

2. Capital assets consist of the following:

Land		$271,340
Buildings and equipment		
Cost	$6,116,139	
Less: Accumulated amortization	6,116,139	-
		$271,340

Consolidated Financial Statements of

PRINCE EDWARD ISLAND ENERGY CORPORATION

Year ended March 31, 2004

AUDITORS' REPORT

To the Directors of
Prince Edward Island Energy Corporation

We have audited the consolidated balance sheet of Prince Edward Island Energy Corporation as at March 31, 2004 and the consolidated statements of earnings - operating, surplus and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Beaton Fitzpatrick Murray

Chartered Accountants

Charlottetown, P.E.I.
June 4, 2004

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Balance Sheet

March 31, 2004, with comparative figures for 2003

	2004	2003
ASSETS		
Current assets:		
Cash	$ 1,193,990	$ 1,871,338
Accounts receivable	499,949	356,992
Holdbacks receivable	-	21,620
Prepaid expenses	92,552	74,697
Restricted cash	5,306	5,243
	1,791,797	2,329,890
Long-term investments (note 2)	200,000	-
Capital assets (note 3)	15,422,864	8,388,636
	$17,414,661	$10,718,526
LIABILITIES AND SURPLUS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 281,815	$ 442,724
Payable to Province of Prince Edward Island	40,189	87,350
Royalties payable (note 4)	34,420	28,746
Deferred revenue - projects	29,799	33,464
Current portion of long-term debt	943,355	415,113
	1,329,578	1,007,397
Long-term debt (note 5)	14,008,315	8,401,670
Reserve for equipment	158,752	144,824
Surplus (note 6)	1,918,016	1,164,635
Contingency (note 6)		
	$17,414,661	$10,718,526

See accompanying notes to consolidated financial statements

On Behalf of the Board:

_______________________ Director

_______________________ Director

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Statement of Surplus

Year ended March 31, 2004, with comparative figures for 2003

	2004	2003
Surplus, beginning of year	$ 1,164,635	$ 501,055
Earnings - operating for the year (page 2)	793,570	698,659
	1,958,205	1,199,714
Contribution to Province of Prince Edward Island	(40,189)	(35,079)
Surplus, end of year	$ 1,918,016	$ 1,164,635

See accompanying notes to consolidated financial statements

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Statement of Earnings - Operating

Year ended March 31, 2004, with comparative figures for 2003

	2004	2003
Revenues:		
Grants - Province of Prince Edward Island	$ 673,600	$ 671,300
- Government of Canada	231,939	230,401
Wind Farm	2,352,254	1,959,216
	3,257,793	2,860,917
Expenses:		
Advertising	9,712	2,045
Audit	8,811	6,420
Consulting fees	110,422	87,353
Heat and lights	10,397	8,768
Hydrogen Symposium	6,772	-
Insurance	9,555	6,747
Interest and bank charges	570	66
Materials and supplies	14,172	24,758
Mexico tower	25,328	-
Miscellaneous	4,873	9,304
Office and computer equipment	62,153	18,082
Office supplies	7,451	8,432
Operations and maintenance	4,741	3,554
Professional fees	67,508	152,836
Telephone	8,982	7,917
Travel	39,578	50,826
Vehicle allowance	7,657	7,704
Wages and levies	484,517	500,485
Wind Farm	1,598,873	1,298,334
	2,482,072	2,193,631
Earnings before the undernoted	775,721	667,286
Earnings - projects	17,849	31,373
Net earnings	$ 793,570	$ 698,659

See accompanying notes to consolidated financial statements

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Statement of Cash Flows

Year ended March 31, 2004, with comparative figures for 2003

	2004	2003
Cash flows from operating activities:		
Cash receipts from customers	$ 3,488,763	$ 3,529,036
Cash paid to suppliers and employees	(1,860,705)	(1,187,821)
Interest received	15,523	16,588
Interest paid	(659,783)	(601,398)
	983,798	1,756,405
Cash flows from investing activities:		
Increase in long-term investments	(200,000)	-
Decrease in reserve for capital expenditures	(42,715)	(12,601)
Purchase of capital assets	(7,609,898)	(114,700)
	(7,852,613)	(127,301)
Cash flows from financing activities:		
Repayments on long-term borrowings	(515,113)	(388,671)
Proceeds from long-term borrowings	6,650,000	-
Increase in reserve for equipment	56,643	58,277
	6,191,530	(330,394)
Net increase (decrease) in cash	(677,285)	1,298,710
Cash, beginning of year	1,876,581	577,871
Cash, end of year	$ 1,199,296	$ 1,876,581
Represented by:		
Cash	1,193,990	1,871,338
Restricted cash	5,306	5,243
	$ 1,199,296	$ 1,876,581

See accompanying notes to consolidated financial statements

PRINCE EDWARD ISLAND ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2004

Prince Edward Island Energy Corporation is a Crown corporation established by the Energy Corporations Act, and therefore is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act. The Corporation's principal business activities include the development and promotion of energy systems.

1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements include the accounts of the Corporation's 100% owned subsidiary, The Atlantic Wind Test Site Inc.

(b) Work in progress:

Work in progress is stated at the lower of cost and net realizable value.

(c) Capital assets:

Capital assets related to the North Cape Wind Generating Plant are recorded at cost. Office furniture and equipment and computer equipment are fully expensed in the year of acquisition.

Depreciation is provided using the straight-line method at the following annual rates:

Asset	Rate
Wind Farm	20 years
Norway line	20 years

(d) Financial instruments:

The Corporation's financial instruments consist of cash, accounts receivable, accounts payable and long-term debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

PRINCE EDWARD ISLAND ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2004

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1. **Significant accounting policies (continued):**

(e) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. **Long-term investments:**

	2004	2003
Frontier Power Systems Inc.	$ 200,000	$ -
	$ 200,000	$ -

3. **Capital assets:**

	Cost	Accumulated depreciation	2004 Net book value
Wind Farm - Phase I	$ 8,904,686	$1,075,984	$ 7,828,702
Norway line	203,010	5,074	197,935
Wind Farm - Phase II	7,521,587	125,360	7,396,227
	$16,629,283	$1,206,418	$15,422,864

4. **Royalties payable:**

Royalties payable represents amounts due to Natural Resources Canada in accordance with the provisions of a licensing agreement which came into effect April 1, 1995. Royalties requirements are based on consulting fees and other revenues earned by the Corporation from contracts with third parties.

PRINCE EDWARD ISLAND ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2004

5. Long-term debt:

	2004	2003
Bank of Montreal, 6.6%, payable in equal monthly payments of principal and interest of $ 82,051., due October 2016, secured by signed commitment letter and Province of Prince Edward Island Order in Council guaranteeing full amount of loan	$ 8,401,670	$ 8,816,783
Province of P.E.I. Provincial Treasury, 5.39% Debenture, payable in quarterly payments of principal of $ 100,000., with a balloon payment of $ 100,000. every 24 months starting March 31, 2005, plus interest, due December 2018	6,550,000	-
	14,951,670	8,816,783
Less current portion of long-term debt	943,355	415,113
	$14,008,315	$ 8,401,670

The aggregate maturities of long-term debt for each of the five years subsequent to March 31, 2004, assuming renewals of mortgages and loans under similar terms, are as follows: 2005 - $ 943,355.; 2006 - $ 873,518.; 2007 - $ 1,005,733.; 2008 - $ 940,140.; and 2009 - $ 1,076,887.

6. Contingency:

The Atlantic Wind Test Site Inc. receives cost-shared funding under an operating agreement with Natural Resources Canada. This agreement includes provisions which require the pro-rata repayment of any surplus in the event that activities of the Test Site are terminated. The Corporation has a surplus as of March 31, 2004 of $ 19,101. (2003 - $ 13,340.).

The Corporation has entered into a contract with the Department of Natural Resources (NRCan) under the Wind Power Production Incentive program. In the event that revenue from the sale of production of the Wind Farm exceeds the standardized market value of that production, the incentives received must be repaid to NRCan. During the year, revenue was not in excess and consequently, no liability must be recognized.

PRINCE EDWARD ISLAND ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2004

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7. Off-balance sheet financial instruments:

To manage its current and anticipated exposure to interest rate risks, the Corporation has entered into an interest rate swap contract whereby it has fixed the interest rate on a total of $ 9,630,000. of notional principal against the floating interest position assumed by the Bank of Montreal. The swap contract has an effective interest rate of 6.6% and will mature in October 2016.

PRINCE EDWARD ISLAND

GRAIN ELEVATORS CORPORATION

FINANCIAL STATEMENTS

JULY 31, 2003

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Grain Elevators Corporation

I have audited the balance sheet of the Prince Edward Island Grain Elevators Corporation as at July 31, 2003 and the statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at July 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
November 10, 2003

STATEMENT 1

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
BALANCE SHEET
AS AT JULY 31, 2003

	2003	2002
ASSETS		
CURRENT ASSETS		
Accounts receivable - General - Notes 1(b), 2 and 6	$1,048,601	$ 724,364
Accounts receivable - Province of PEI	-	67,343
Short-term investments	31,984	39,596
Inventory of grain - Corporation - Note 1(c)	153,850	311,030
- Pool	118,119	-
Sundry inventory	2,311	2,454
Prepaid expenses	274,108	164,550
	1,628,973	1,309,337
CAPITAL ASSETS		
Equipment - Notes 1(d), 1(e) and 3	34,352	57,464
	$1,663,325	$1,366,801
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Bank overdraft	$ 551,573	$ 559,651
Accounts payable - General	142,828	144,299
Deferred revenue	111,162	36,942
Final payment to be distributed to producers	341,551	239,112
Ending equity (deficit) - Open Pool	(16,702)	-
	1,130,412	980,004
EQUITY		
Retained earnings - Statement 2	189,913	43,797
Contributed surplus - Province of PEI	343,000	343,000
	532,913	386,797
	$1,663,325	$1,366,801

(The accompanying notes are an integral part of these financial statements.)

ON BEHALF OF THE BOARD:

DIRECTOR: ______________________

DIRECTOR: R. Gordon Carter

STATEMENT 2

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED JULY 31, 2003

	Closed Pools	Open Pool	2003 Total	2002 Total
REVENUES:				
Sales	$5,377,697	$381,594	$5,759,291	$3,902,147
Other income - Note 4	534,642	29,694	564,336	419,033
Provincial grant - Operating	71,054	3,946	75,000	75,000
- Capital	108,035	6,000	114,035	79,565
	6,091,428	421,234	6,512,662	4,475,745
EXPENSES:				
Cost of non-pool inventory sold	987,170	63,843	1,051,013	1,310,866
Amortization	21,895	1,216	23,111	22,039
Bad debts	9,185	510	9,695	2,708
Board expense	20,427	1,134	21,561	20,602
Capital repairs	108,035	6,000	114,035	79,565
General and other	101,648	5,645	107,293	67,639
Insurance	17,656	981	18,637	12,742
Interest	60,050	7,920	67,970	38,515
Repairs and maintenance	70,629	3,923	74,552	67,962
Salaries and benefits - Note 7	578,328	32,120	610,448	539,854
Utilities	186,732	10,371	197,103	157,033
	2,161,755	133,663	2,295,418	2,319,525
NET RESULTS BEFORE DISTRIBUTION	3,929,673	287,571	4,217,244	2,156,220
DISTRIBUTION TO PARTICIPANTS - Note 5	3,783,557	287,571	4,071,128	2,135,596
NET INCOME FOR THE PERIOD	146,116	-	146,116	20,624
RETAINED EARNINGS BEGINNING OF YEAR			43,797	23,173
RETAINED EARNINGS END OF YEAR			$ 189,913	$ 43,797

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2003

	2003	2002
Cash provided by (used for)		
OPERATING ACTIVITIES		
Net Income for the year	$ 146,116	$ 20,624
Amount charged against income not requiring an outlay of cash:		
Amortization	23,111	22,039
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(256,893)	5,824
(Increase) decrease in inventory	39,204	(94,812)
(Increase) decrease in short-term investments	7,612	27,159
(Increase) decrease in prepaid expenses	(109,558)	(161,311)
Increase (decrease) in accounts payable	(1,471)	(69,119)
Increase (decrease) in deferred revenue	74,220	16,298
Increase (decrease) in distribution payable to producers	102,439	(70,627)
(Increase) decrease in ending deficit - open pool	(16,702)	-
Net cash provided (used for) by operating activities	8,078	(303,925)
FINANCING ACTIVITIES		
Loan repayments to province	-	(16,524)
INVESTING ACTIVITIES		
Acquisition of capital assets	-	(5,359)
(Increase) Decrease in bank overdraft	8,078	(325,808)
Bank overdraft at beginning of year	(559,651)	(233,843)
Bank overdraft at end of year	$(551,573)	$(559,651)

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2003

1. **Summary of Significant Accounting Policies:**

(a) The Corporation operates a pooling program for buying and selling its local grain and protein inventory. During 2002-03 seven pools were in operation consisting of a Barley, Oats, Mixed Grain, Wheat, Corn, Milling Wheat, and Soybean pool. As of July 31, 2003 all pools were closed, with the exception of the Soybean pool.

(b) Specific accounts which have been deemed doubtful have been included in the Allowance for Doubtful Accounts. In addition, one percent of the remaining accounts are included in the allowance.

(c) Inventory is valued at lower of cost or market. Market value is similar to replacement cost.

(d) Asset purchases less than $5,000 are expensed in the period of purchase.

(e) Amortization is calculated on a straight-line basis over the estimated useful life of the asset.

(f) The Province of PEI provides the elevator facilities to the Corporation at a nominal fee of $1.

2. **Accounts Receivable**

	2003	2002
Trade	$ 933,900	$689,994
Less: Allowance for doubtful accounts	17,900	8,615
	916,000	681,379
Special bin	118,406	57,923
Less: Downpayments held on deposit	-	24,994
	118,406	32,929
Other	14,195	10,056
	$1,048,601	$724,364

3. **Capital Assets**

	2003	2002
Equipment (cost)	$ 415,872	$415,872
Less: Accumulated amortization	381,520	358,408
	$ 34,352	$ 57,464

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2003

4. Other Income

	Closed Pools	Open Pool	2003	2002
Handling and drying	$216,572	$12,028	$228,600	$108,733
Storage fees	59,203	3,288	62,491	54,444
Custom extruding	116,810	6,488	123,298	104,833
Miscellaneous	52,068	2,892	54,960	70,061
Interest revenue	60,865	3,380	64,245	40,959
Freight	29,124	1,618	30,742	40,003
	$534,642	$29,694	$564,336	$419,033

5. The distribution to participants of pooling operations is as follows:

	Closed Pools	Open Pool	Total
Initial payment	$3,101,169	$290,906	$3,392,075
Interim payment	340,837	13,367	354,204
Final payment to be distributed to producers	341,551	-	341,551
Ending equity (deficit) - open pool	-	(16,702)	(16,702)
	$3,783,557	$287,571	$4,071,128

6. Related Party Transactions:

During the current year, one Board member had purchases from the Corporation totalling $136,567 and four Board members had sales to the Corporation totalling $26,016. Included in accounts receivable general is a receivable from one Board member of $773 and a receivable credit from one Board member of $3,608. These transactions were entered into in the normal course of business and on the same terms as unrelated parties.

7. Pension Costs:

Most of the employees of the Corporation are members of the Prince Edward Island Civil Service Superannuation Plan. The employer's share of the plan benefits are paid by the Corporation. Any additional future actuarial liabilities are assumed by the Province of PEI and are not reflected in the Corporation's financial statements.

One employee of the Corporation participates in a defined contribution plan. The Corporation matches the employee contributions to a maximum of 5% of the employee's salary.

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2003

8. **Comparative Figures:**

The presentation for the 2002 fiscal year has been restated to conform with the financial statement presentation adopted for the current year.

PRINCE EDWARD ISLAND

HOUSING CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2004

AUDITOR'S REPORT

Hon. J. Chester Gillan
Minister of Health and Social Services
Province of Prince Edward Island

I have examined the balance sheet of the Prince Edward Island Housing Corporation as at March 31, 2004 and the statements of revenue and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Note 1 to the financial statements describes the amortization policy of the Corporation. The note indicates that the amortization of rental properties and Federal-Provincial projects is equal to the principal reduction in the corresponding long-term indebtedness. In this respect the financial statements are not in accordance with Canadian generally accepted accounting principles.

In my opinion, except for the effects of the amortization method described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
June 25, 2004

STATEMENT 1

PRINCE EDWARD ISLAND HOUSING CORPORATION
BALANCE SHEET
AS AT MARCH 31, 2004

	2004	2003
ASSETS		
Current assets		
Cash	$ 196,100	$ 2,800
Accounts receivable	212,300	237,500
	408,400	240,300
Notes receivable - note 2	7,478,600	8,809,800
Mortgages receivable	119,300	190,400
Investment in properties		
Agreements of sale - note 3	28,400	30,600
Land for resale or development - note 4	272,800	384,200
Federal-Provincial projects - note 5	6,045,400	6,079,700
Rental housing projects - note 6	41,529,400	42,926,500
	47,876,000	49,421,000
TOTAL ASSETS	$55,882,300	$58,661,500
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accruals - note 7	$ 2,890,400	$ 2,696,300
Current portion of long-term debt	2,665,800	2,875,000
	5,556,200	5,571,300
Long-term liabilities		
CMHC - note 8	30,382,100	31,452,900
Province of PEI - note 9	15,016,200	16,611,200
	45,398,300	48,064,100
Reserves		
Co-operative and social housing - note 1(a)	2,800	4,200
Replacement reserve - note 1(a)	-	77,800
	2,800	82,000
Equity contributed by the Province of PEI - note 11	4,925,000	4,944,100
TOTAL LIABILITIES AND EQUITY	$55,882,300	$58,661,500

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

PRINCE EDWARD ISLAND HOUSING CORPORATION

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
Revenue		
Appropriations from the Province of PEI - note 12	$5,012,700	$5,201,200
Expenses		
Amortization	1,287,600	1,183,700
Interest	3,110,500	3,435,900
Property taxes	196,100	179,200
Grants issued	397,900	402,400
Loss on disposal of property	20,600	-
	5,012,700	5,201,200
Net result	$ -	$ -

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND HOUSING CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ -	$ -
Amounts charged against income not requiring an outlay of cash:		
Amortization of fixed assets	1,306,700	1,201,000
Amortization charged to contributed surplus	(19,100)	(17,300)
Donations of developed land	40,000	34,600
Loss on disposal of property	20,600	-
	1,348,200	1,218,300
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	25,200	(50,000)
Increase (decrease) in accounts payable	194,100	(74,500)
Decrease in reserve	(79,200)	(2,000)
	1,488,300	1,091,800
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in notes receivable	1,331,200	1,362,300
Decrease in mortgages receivable	71,100	116,300
Decrease in agreements of sale	2,200	2,600
Proceeds from property transactions	175,500	11,100
	1,580,000	1,492,300
CASH FLOW FROM FINANCING ACTIVITIES		
Cash payments to reduce long-term debt obligations	(2,875,000)	(2,597,100)
Increase (decrease) in cash	193,300	(13,000)
Cash, beginning of year	2,800	15,800
Cash, end of year	$ 196,100	$ 2,800

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. **Significant Accounting Policies:**

   (a) Trust reserves are set aside for contingencies in co-operative and social housing.

   Replacement reserves had been in place on certain rental properties as required by agreements with the Canada Mortgage and Housing Corporation. The requirement for these reserves has been eliminated and the balances will be refunded to the Canada Mortgage and Housing Corporation.

   (b) Amortization on rental properties is equal to the principal reduction in the corresponding long-term indebtedness.

   (c) Federal-Provincial project costs are amortized over the life of the Federal-Provincial agreement. Accumulated amortization represents principal reductions to date on the original investment of the Province of PEI.

2. Notes receivable are comprised of long-term loan funds provided by the Corporation for use by local credit unions in providing real property mortgages in rural areas. The loans are secured by an assignment of book debts and postponement agreements on the mortgage assets of the credit unions.

	2004	2003
Notes receivable	$7,353,500	$8,649,800
Accrued interest	125,100	160,000
	$7,478,600	$8,809,800

3. Investments in properties under agreements of sale are recorded at cost less tenants' equity.

	2004	2003
Cost	$ 47,100	$ 47,100
Tenants' equity	(18,700)	(16,500)
	$ 28,400	$ 30,600

4. Investments in land for resale or development consist of the following:

	2004	2003
Hillsborough Development		
Developed - at cost	$ 45,400	$ 85,500
Undeveloped - at 1986 appraised values	110,500	110,500
Other undeveloped land	116,900	188,200
	$272,800	$384,200

PRINCE EDWARD ISLAND HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

5. **Investments in Federal-Provincial projects are recorded at the Housing Corporation's cost less accumulated amortization and consist of the following:**

	2004	2003
Family Housing	$2,248,600	$2,248,600
Senior Citizens Housing	3,930,400	3,930,400
Rural and Native Housing	252,500	252,500
	6,431,500	6,431,500
Less: accumulated amortization	386,100	351,800
	$6,045,400	$6,079,700

6. **Rental housing properties are recorded at cost less accumulated amortization and consist of the following:**

	2004	2003
Family Housing	$11,809,800	$11,809,800
Senior Citizens Housing	18,974,400	19,131,000
Homes for Special Care	21,371,300	21,371,300
Social Housing	17,900	17,900
	52,173,400	52,330,000
Less: accumulated amortization	10,644,000	9,403,500
	$41,529,400	$42,926,500

7. **Accounts payable and accruals consist of the following:**

	2004	2003
Province of PEI	$ 1,358,600	$ 1,036,100
Accrued interest	1,413,800	1,584,700
General	118,000	75,500
	$ 2,890,400	$ 2,696,300

8. **Long-term liabilities payable to the Canada Mortgage and Housing Corporation consist of the following:**

	2004	2003
Mortgages payable	$27,526,000	$28,428,900
Debentures payable	3,893,800	4,002,800
Loans payable	33,100	85,400
	31,452,900	32,517,100
Less: current portion	1,070,800	1,064,200
	$30,382,100	$31,452,900

The above amounts include approximately 80 individual balances at varying interest rates and maturity dates.

PRINCE EDWARD ISLAND HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

9. Long-term liabilities payable to the Province of PEI consist of the following:

	2004	2003
Debentures payable	$16,595,200	$18,357,200
Loans payable	16,000	64,800
	16,611,200	18,422,000
Less: current portion	1,595,000	1,810,800
	$15,016,200	$16,611,200

The above amounts include approximately 40 loans having varying interest rates and maturity dates.

10. Principal portion of long-term debt repayments over the next five years are as follows:

2004/05	$ 2,665,800
2005/06	2,817,700
2006/07	2,914,100
2007/08	2,979,600
2008/09	3,109,500

11. Equity Contributed by the Province of PEI

	2004	2003
Deductions for the year:		
Senior Citizens Housing	$ 8,400	$ 7,600
Family Housing	10,700	9,700
Net deductions for the year	19,100	17,300
Balance, beginning of year	4,944,100	4,961,400
Balance, end of year	$ 4,925,000	$ 4,944,100

12. Provincial Appropriations

The appropriations from the Province of PEI represent amounts provided for program expenditures incurred directly by the Housing Corporation and do not relate to expenditures on activities administered by the Regional Health Authorities on the Corporation's behalf. Separate appropriations are provided for these Regional programs that are reported in their financial statements. The various revenues earned on Housing Corporation activities are reported in the Province's Public Accounts.

PRINCE EDWARD ISLAND

HUMAN RIGHTS COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 2004

AUDITOR'S REPORT

To the Commissioners of the
Prince Edward Island Human Rights Commission

I have audited the balance sheet of the Prince Edward Island Human Rights Commission as at March 31, 2004 and the statements of revenues, expenditures, and surplus (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
April 15, 2004

STATEMENT 1

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

BALANCE SHEET

AS AT MARCH 31, 2004

		2004	2003
ASSETS			
Current Assets			
Cash		$7,819	$ -
Accounts receivable	- General	1,420	2,770
	- Province of PEI	-	9,447
Prepaids		387	1,918
		$9,626	$14,135
LIABILITIES AND SURPLUS (DEFICIT)			
Current Liabilities			
Bank advances		$ -	$ 3,684
Accounts payable		12,060	10,451
		12,060	14,135
Surplus (Deficit) - Statement 2		(2,434)	-
		$9,626	$14,135

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE COMMISSION:

COMMISSIONER: ______________________

COMMISSIONER: Ann Sherman.

STATEMENT 2

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
Revenues		
Province of P.E.I. - Grant	$318,200	$315,647
CASHRA Conference - Note 6	-	37,930
	318,200	353,577
Expenditures		
Bank charges	28	20
CASHRA Conference - Note 6	-	48,762
Cleaning	3,501	3,455
Commissioners' honoraria and expenses	26,339	31,665
Furniture and equipment - Note 2	3,808	2,650
Memberships and conferences	11,562	7,309
Miscellaneous	2,143	1,333
Office materials and supplies	2,905	1,917
Photocopying	3,884	5,770
Professional fees	10,524	1,470
Rent	17,500	17,500
Salaries and benefits - Note 5	226,605	224,732
Snow removal	1,230	1,285
Staff travel	5,410	4,093
Telephone	5,195	5,264
	320,634	357,225
Excess expenditures for the year	(2,434)	(3,648)
Surplus (Deficit), beginning of year	-	3,648
Surplus (Deficit), end of year	$ (2,434)	$ -

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from Province of PEI for operations	$327,647	$306,200
Cash received from other sources for operations	1,350	35,543
Cash paid for salaries and benefits	(226,605)	(224,732)
Cash paid for materials and services	(90,889)	(140,947)
Net increase (decrease) in cash	11,503	(23,936)
Cash (bank advances), beginning of year	(3,684)	20,252
Cash (bank advances), end of year	$ 7,819	$ (3,684)

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. Purpose of the Organization

The P.E.I. Human Rights Commission is a corporate body which is responsible for administering and enforcing the provincial Human Rights Act. The Commission provides education and public information in the field of human rights. The Commission also inquires into and endeavours to effect a settlement of any complaint of a violation of the Human Rights Act filed with the Commission as prescribed by the Act.

2. Significant Accounting Policy

Basis of presentation

These statements were prepared in accordance with Canadian generally accepted accounting principles for non-profit organizations, with office equipment, furniture and computer software expensed in the year purchased. Furniture and equipment expensed for the year ended March 31, 2004 were $3,808 (2003 - $2,650).

3. Provincial Appropriations

Legal fees for the year ended March 31, 2003 totalling $13,348 were paid on the Commission's behalf by the Province of Prince Edward Island through the Office of the Attorney General. These fees are not included in Statement 2. As of April 1, 2003 the Commission was responsible to pay their own legal fees and as such fees are now reflected in Statement 2.

4. Lease Commitment

The Commission leases its office premises and a photocopier. The future minimum lease payments are as follows:

Fiscal Year	Amount
2005	$ 20,871
2006	22,661
2007	23,661
2008	24,661
2009	25,661
2010	2,108
	$119,623

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

5. Pension Costs

The employees at the Commission participate in a defined contribution pension plan. The Commission makes contributions amounting to 6.95% on that part of the salary on which Canada Pension Plan contributions are made and 8.75% on salary when Canada Pension Plan contributions are not required. The employee is not required to match or contribute to the pension. These contributions are paid to a Registered Retirement Plan as selected by the employee.

6. CASHRA Conference

The P.E.I. Human Rights Commission hosted a Conference of the Canadian Association of Statutory Human Rights Agencies (CASHRA) May 26 to May 28, 2002. During the fiscal year ended March 31, 2003, conference revenues and expenses consisted of the following:

	2003
Revenues	
Registration fees	$34,425
Ticket sales	430
Sponsorships	1,250
Provincial contribution	1,750
Other	75
	$37,930
Expenses	
Management fees	$ 2,462
Meals and entertainment	25,287
Registration costs	2,150
Meeting expenses	2,565
Translations services	6,036
Speakers	6,825
Office supplies	1,163
Postage	392
Advertising	196
Miscellaneous	1,686
	$48,762

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P.E.I. Lending Agency

Financial Statements
March 31, 2004

ARSENAULTBESTCAMERONELLIS
CHARTERED ACCOUNTANTS

ArsenaultBestCameronEllis
Prince Edward Place
80 Water Street
PO Box 455
Charlottetown, Prince Edward Island
Canada C1A 7L1
Telephone (902) 368-3100
Fax (902) 566-5074

April 30, 2004

Auditors' Report

To the Board of Directors

We have audited the balance sheet of **P.E.I. Lending Agency** as at March 31, 2004 and the statements of earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

P.E.I. Lending Agency

Balance Sheet

As at March 31, 2004

	2004 $	2003 $
Assets		
Cash	163,008	25,936
Accounts receivable (note 10)	253,298	873,354
Due from Province of Prince Edward Island (note 3)	8,831,778	12,139,870
Loans receivable (note 4)	141,083,593	142,024,400
Leased property (note 5)	771,795	1,010,711
Property holdings (note 6)	656,480	2,116,250
Investment in private company preferred shares	521,972	495,000
	152,281,924	158,685,521
Liabilities		
Accounts payable and accrued liabilities (note 10)	747,448	719,038
Due to Province of Prince Edward Island (note 3)	227,744	3,950,444
Notes payable (note 7)	151,306,692	155,392,536
	152,281,884	160,062,018
Contingent liabilities (note 8)		
Shareholders' Equity		
Retained earnings (deficit) - Beginning of year	(1,376,497)	828,124
Excess revenue (expense) for the year	1,376,537	(2,204,621)
Retained earnings (deficit) - End of year	40	(1,376,497)
	152,281,924	158,685,521

Approved by the Board of Directors

____________________ Director

____________________ Director

P.E.I. Lending Agency

Statement of Earnings

For the year ended March 31, 2004

		2004	2003
	Budgeted (Unaudited) $	**Actual $**	**Actual $**
Revenue			
Grants from Province	806,400	4,529,100	790,680
Interest from borrowers	10,741,668	10,460,870	10,567,515
Interest from deposits	30,000	29,039	36,836
Agricultural leases	69,996	75,493	132,115
Service fees	60,000	104,615	97,513
Post-receivership income	-	-	14,589
	11,708,064	15,199,117	11,639,248
Expenses			
Office supplies and printing	23,100	20,610	20,904
Telecommunications	14,796	11,540	10,868
Rent and occupancy	107,796	105,716	100,992
Meetings and hosted conferences	3,996	3,897	4,922
Computer equipment	9,996	10,585	13,198
Advertising and promotion	3,000	5,499	8,175
Office equipment rentals	9,504	5,487	4,204
Library and subscriptions	1,200	1,750	2,413
Repairs and maintenance	6,000	273	-
Miscellaneous	1,500	(8,881)	32,495
Professional services	42,000	82,542	25,340
Salaries and benefits	985,044	802,201	884,447
Travel and training	46,692	23,276	21,980
Interest (note 10)	8,875,692	8,752,937	8,763,487
Provision for possible losses	1,577,748	4,005,148	3,950,444
	11,708,064	13,822,580	13,843,869
Excess revenue (expense) for the year	-	1,376,537	(2,204,621)

P.E.I. Lending Agency

Statement of Cash Flows

For the year ended March 31, 2004

	2004 $	2003 $
Cash provided by (used in)		
Operating activities		
Excess revenue (expense) for the year	1,376,537	(2,204,621)
Item not affecting cash		
Increase (decrease) in due from Province of Prince Edward Island - allowance for possible losses	3,308,092	(3,950,444)
	4,684,629	(6,155,065)
Net change in non-cash working capital items		
Decrease in accounts receivable	620,056	470,083
Increase (decrease) in accounts payable and accrued liabilities	28,410	(2,091,946)
Increase (decrease) in due to Province of Prince Edward Island - current operations	(3,722,700)	1,700,746
	1,610,395	(6,076,182)
Financing activities		
Decrease in leased property (net)	238,916	1,214,530
Decrease (increase) in loans receivable (net)	940,807	(6,626,952)
Increase in notes payable	13,300,000	23,550,000
Retirement of notes payable	(17,385,844)	(10,231,592)
Increase in investment	(26,972)	(495,000)
	(2,933,093)	7,410,986
Investing activities		
Additions to and purchases of property holdings	(849,101)	(4,829,636)
Reductions and proceeds on disposal of property holdings	2,308,871	2,953,202
	1,459,770	(1,876,434)
Change in cash	137,072	(541,630)
Cash - Beginning of year	25,936	567,566
Cash - End of year	163,008	25,936

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2004

1 Status of the corporation

P.E.I. Lending Agency is a Crown corporation established by a proclamation of the Lending Agency Act dated December 31, 1998. The Agency's financial results are included in the public accounts of the Province of Prince Edward Island.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles.

a) Due from (to) the Province of Prince Edward Island

i. Current operations

The budgeted provision for possible losses expense is established as part of the normal budget process and is updated to reflect known changes as they become evident during the year. The actual provision for possible losses recorded in the company's accounts is expensed with a corresponding increase recorded in the allowance for possible losses in the balance sheet.

Prior to the March 31, 2004 year end, an amount equal to the annual provision for possible losses (expense or recovery) was recorded as an increase in "Due to Province of Prince Edward Island - Current Operations" and a corresponding increase in "Due from Province of Prince Edward Island - Allowance for Possible Losses".

ii. Allowable for possible losses

Prior to the March 31, 2004 year end, an amount equal to the annual provision for possible losses (expense or recovery) was recorded as an amount "Due from the Province of Prince Edward Island - Allowance for Possible Losses" and a corresponding increase in the amount "Due to Province of Prince Edward Island - Current Operations". Currently, the "Due from Province of Prince Edward Island - Allowance for Possible Losses" is reduced when a write-off of a foreclosed project is recognized by both P.E.I. Lending Agency and the Province, with notes payable reduced correspondingly.

Subsequent to March 31, 2003, the P.E.I. Lending Agency will not be required to refund to the Province the current year's provision for possible losses and as such will be required to fund increases in the allowance for possible losses after March 31, 2003. The $8,831,778 balance in "Due from Province of Prince Edward Island - Allowance for Possible Losses" at March 31, 2004 will be funded by the Province.

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2004

b) Loans receivable

Working capital loans are issued to qualified lenders and are recorded at cost less an allowance for possible losses. These loans bear interest at the Toronto Dominion Bank prime rate plus 1 ¾% to 2 ¾% and are repayable at the end of each sector's operating season or specific project.

Mortgage loans consist of loans issued to Prince Edward Island enterprises for purposes of acquiring capital assets. These loans are recorded at cost less an allowance for possible losses. These loans are issued at long-term interest rates and are repayable over various terms to a maximum of 20 years with interest rates ranging from 5.19% to 12.25%.

Interest income is recorded on the accrual basis until such time as the loan is classified as non-current. A loan is classified as non-current when the Corporation has been unsuccessful in its attempt to collect arrears payments or have the loan satisfied.

An impaired loan is a loan in arrears in excess of 120 days or where in management's opinion there is no longer reasonable assurance as to the timely collection of the full amount of the principal and interest.

c) Allowance for possible losses

An allowance is maintained which is considered adequate to absorb all credit losses and off-balance sheet items including guarantees. The allowance is deducted from the applicable asset on the balance sheet, except for guarantees. The allowance for guarantees of $50,000 (2003 - $50,000) is included in accounts payable.

The allowance consists of specific and general provisions.

Specific provisions include the accumulated allowances for losses on particular assets required to reduce the book values to estimated realizable amounts. Specific provisions total $10,661,633 (2003 - $9,683,461).

The company reviews its loan portfolios and leased properties on an ongoing basis to assess whether a loan should be classified as impaired, or an allowance or write-off recorded.

A variety of methods are used to determine the amount expected to be recovered from impaired loans and property holdings, including estimated future cash flows and the estimated fair value of the underlying security and value of any collateral security taken.

A general provision of $2,138,457 (2003 - $2,406,411) includes accumulated allowances for losses which are prudential in nature and cannot be specifically identified. The general provision is based on past performance of similar loans, the level of the specific provision, management's judgement, the economic climate and the maturity and financial strength of the investee.

d) Leased property

Leased property represents the cost to acquire agricultural property based on appraised market value at the inception of the lease less an allowance for possible losses. Operating leases are negotiated with the lessee for a maximum of 5 years at a rate of interest tied to commercial lending rates. The lease rates currently range from 7.5% to 10.5%. The lease may be renewed for one five-year term after which time the lessee must repurchase the property.

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2004

Lease income is recorded on an accrual basis until the lease is repaid or the property is transferred to property holdings - foreclosed projects. When a lease is in arrears in excess of 120 days or when in management's opinion there is no longer reasonable assurance of the timely collection of the full amount of principal and interest, the lease is classified as impaired.

e) Property holdings and amortization

Office furniture and equipment and computer equipment are fully expensed in the year of acquisition. The amount expensed during the year ended March 31, 2004 was $11,267 (2003 - $13,198).

Foreclosed projects are carried at the lower of cost of the impaired asset prior to realization of the related security and the underlying estimated realizable value of the security.

The reduction from cost to estimated realizable value is recorded as an allowance for possible losses.

f) Investment in private company

Investment in preferred shares of a private company is recorded at the lower of cost or estimated realizable value.

It is not practical within constraints of timelines and cost to determine the fair value of the investment as it is a closely held private company that has no organized financial market. The estimated realizable value of this investment is based on expected future cash flows.

g) Pension liabilities

The Corporation's staff are members of the Province of Prince Edward Island pension plan. The pension plan obligation is a liability of the Province and not the Corporation and no liability for these costs has been accrued by the Corporation at March 31, 2004.

h) Estimated realizable value of financial instruments

Estimated realizable value (fair value) is subjective in nature requiring a variety of valuation techniques and assumptions. The company's financial instruments are not exchangeable and it is difficult, and often not practical, to determine their estimated realizable value. Where it is possible to estimate realizable value, the company assumes that it will not sell the assets or the liabilities, taking into account only changes in credit risk as credit risk is the main cause of change in the estimated realizable value of the company's financial instruments. Credit risk is defined as the risk that the note holder will fail to discharge an obligation in whole or in part resulting in a financial loss to this company.

i) Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2004

3 Due from (to) the Province of Prince Edward Island

	2004 $	2003 $
Current operations		
Balance - Beginning of year	(3,950,444)	(2,249,698)
Current year's actual provision for possible losses	-	(3,950,444)
Repaid to the province	-	2,249,698
Grant receivable	3,722,700	-
Balance - End of year	(227,744)	(3,950,444)

	2004 $	2003 $
Allowance for possible losses		
Balance - Beginning of year	12,139,870	8,189,426
Current year's expense	-	3,950,444
	12,139,870	12,139,870
Less: write-offs during the year	3,308,092	-
Balance - End of year	8,831,778	12,139,870

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2004

4 Loans receivable

					2004	2003
		Impaired loans included in total	Allowance for possible losses			
	Total $		General $	Specific $	Net $	Net $
		$				
Working capital loans	26,104,215	4,798,498	388,457	1,108,206	24,607,552	22,897,047
Mortgage loans receivable						
Agriculture	7,791,814	1,248,723	100,000	150,000	7,541,814	8,664,020
New farmer	32,915	32,915	-	-	32,915	32,379
Tourism	15,536,820	1,277,652	250,000	-	15,286,820	14,807,038
Manufacturing and processing	43,253,481	167,641	200,000	42,739	43,010,742	44,268,416
Fisheries	7,454,325	1,213,437	-	165,000	7,289,325	6,482,526
Aquaculture	145,629	127,384	-	85,000	60,629	814,585
Small business	10,835,313	117,605	-	65,200	10,770,113	11,790,209
Blueberry	9,689,306	2,549,128	1,200,000	840,000	7,649,306	7,190,305
Cranberry	1,739,571	489,423	-	300,000	1,439,571	1,292,635
2000 Hog Program	68,970	-	-	-	68,970	69,760
Aerospace	18,851,043	-	-	-	18,851,043	19,945,737
Information technology	1,503,704	-	-	-	1,503,704	2,067,608
Other	8,503,710	7,425,988	-	5,532,621	2,971,089	1,702,135
	125,406,601	14,649,896	1,750,000	7,180,560	116,476,041	119,127,353
	151,510,816	19,448,394	2,138,457	8,288,766	141,083,593	142,024,400

5 Leased property

					2004	2003
		Impaired loans included in total	Allowance for possible losses			
	Total $		General $	Specific $	Net $	Net $
		$				
Agricultural leases	867,795	182,625	-	96,000	771,795	1,010,711

P.E.I. Lending Agency

Notes to Financial Statements
March 31, 2004

6 Property holdings

	2004 $	2003 $
Foreclosed projects - land, buildings and equipment held for resale	2,933,347	5,799,655
Less: Allowance for possible losses	2,276,867	3,683,405
	656,480	2,116,250

7 Notes payable

	2004 $	2003 $
Short-term promissory notes	16,551,802	17,550,000
Long-term	134,754,890	137,842,536
	151,306,692	155,392,536

Short-term promissory notes are issued to the Province of Prince Edward Island with interest set monthly based on the Province's short-term lending rate in existence at the first day of the month. These notes are renewed on an ongoing basis with interest payable monthly.

The notes payable - long-term are issued to the Province of Prince Edward Island and have various repayment terms and interest rates ranging from 4.95% to 8.50%.

The aggregate amount of principal payments required in each of the next five years to meet retirement provisions is as indicated below. Certain notes becoming due during the next five years have been assumed to be refinanced under similar terms:

	$
For the year ending March 31, 2005	8,535,649
2006	7,012,477
2007	5,904,976
2008	6,178,034
2009	5,136,626

8 Contingent liabilities

As of March 31, 2004, P.E.I. Lending Agency was contingently liable under a loan guarantee on behalf of a development company in the amount of $81,563 (2003 - $110,867) for which P.E.I. Lending Agency has included $50,000 in its allowance for possible losses. This portion of the allowance for possible losses is included in accounts payable. The guarantee is secured by a realty mortgage, and proceeds from liquidation are expected to cover the remaining amount of the guarantee.

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2004

9 Commitments

The P.E.I. Lending Agency loans approved but not disbursed at March 31, 2004 amount to $9,270,003 (2003 - $745,300).

10 Related party transactions

Balance Sheet

Included in accounts receivable is $250,586 (2003 - $866,747) due from the Province of Prince Edward Island.

Included in accounts payable and accrued liabilities is $567,817 (2003 - $521,949) in accrued interest payable to the Province of Prince Edward Island.

Statement of earnings

Included in expenses is $8,752,937 (2003 - $8,763,487) in interest paid/payable to the Province of Prince Edward Island.

The above transactions were recorded in the normal course of operations and measured on the same terms as transactions with unrelated parties.

11 Operating lease

The minimum annual lease payments required in each of the next two years under an operating lease expiring March 31, 2005 is $40,588 in base rent plus common area expenses of approximately $60,000 annually.

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2004

12 Interest rate risk

The following table sets out the assets and liabilities on the earlier of contractual maturity or repricing date. Use of the table to derive information about the Agency's interest rate risk position is limited by the fact that borrowers may choose to terminate their financial instruments at a date earlier than contractual maturity or repricing date. Examples of this include mortgages, which are shown at contractual maturity but which could prepay earlier.

	Within 1 year $	After 1 year but within 5 years $	After 5 years $	Not interest rate sensitive $	Provision for possible losses $	Total $
Assets						
Cash	163,008	-	-	-	-	163,008
Accounts receivable	-	-	-	253,298	-	253,298
Due from Province of Prince Edward Island	-	-	-	8,831,778	-	8,831,778
Loans receivable	39,090,769	64,252,076	48,167,971	-	(10,427,223)	141,083,593
Leased property	867,795	-	-	-	(96,000)	771,795
Property holdings	-	-	-	2,933,347	(2,276,867)	656,480
Investment	-	-	521,972	-	-	521,972
Total assets	40,121,572	64,252,076	48,689,943	12,018,423	(12,800,090)	152,281,924
Liabilities and surplus						
Accounts payable and accrued liabilities	-	-	-	697,448	50,000	747,448
Due to Province of Prince Edward Island	-	-	-	227,444	-	227,444
Notes payable	25,087,451	24,232,113	101,987,128	-	-	151,306,692
Surplus	-	-	-	340	-	340
Total liabilities and surplus	25,087,451	24,232,113	101,987,128	925,232	50,000	152,281,924
Interest rate sensitivity gap	15,034,121	40,019,963	(53,297,185)	11,093,191	(12,850,090)	-
Cumulative interest rate sensitivity gap	15,034,121	55,054,084	1,756,899	12,850,090	-	-

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PRINCE EDWARD ISLAND

LIQUOR CONTROL COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 2004

AUDITOR'S REPORT

To the Commissioners of the
Prince Edward Island Liquor Control Commission

I have audited the balance sheet of the Prince Edward Island Liquor Control Commission as at March 31, 2004 and the statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 21, 2004

STATEMENT 1

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

BALANCE SHEET

AS AT MARCH 31, 2004

	2004	2003
ASSETS		
CURRENT ASSETS		
Cash	$ 854,889	$ 837,376
Accounts receivable	203,456	204,854
Inventories - Note 1(b)	2,659,695	2,742,153
Prepaid expenses	79,025	125,424
	3,797,065	3,909,807
Capital assets - Notes 1(a) and 2	5,002,130	4,619,962
	$8,799,195	$8,529,769
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accruals - General	$ 941,564	$ 930,656
- Province of P.E.I.	77,158	66,840
Debentures payable - current portion - Note 4	772,411	632,466
Due to the Province with respect to net income - Note 1(c)	2,458,192	2,782,527
	4,249,325	4,412,489
LONG TERM LIABILITIES		
Debentures payable - Note 4	4,549,870	4,117,280
	$8,799,195	$8,529,769

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE COMMISSION:

COMMISSIONER:

COMMISSIONER:

STATEMENT 2

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 2004

		2004		2003
SALES		$69,338,560		$66,002,562
Less: Provincial Health Tax	$12,004,386		$11,415,649	
Provincial Sales Tax	5,203,060		4,862,048	
Federal Goods & Services Tax	4,285,882	21,493,328	4,031,899	20,309,596
NET SALES		47,845,232		45,692,966
COST OF GOODS SOLD		27,686,895		26,805,537
GROSS PROFIT		20,158,337		18,887,429
EXPENSES				
Amortization	851,781		730,206	
Insurance and taxes	191,870		186,150	
Interest on long-term debt	337,860		345,532	
Leases - Note 3	894,739		880,504	
Other operating expenses	728,122		578,515	
Repairs and maintenance	494,982		410,848	
Salaries and benefits - Note 5	6,296,971		5,870,260	
Store and office expenses	314,611		322,200	
Travel	101,396		113,252	
Utilities	596,905	10,809,237	560,297	9,997,764
		9,349,100		8,889,665
OTHER INCOME		1,294,107		1,180,945
NET INCOME - Note 1(c)		$10,643,207		$10,070,610

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
Cash provided by (used for):		
OPERATING ACTIVITIES		
Net income for the year	$10,643,207	$10,070,610
Amounts charged against income not requiring an outlay of cash:		
Amortization	851,781	730,206
Loss (Gain) on disposal of capital assets	(30,170)	-
	11,464,818	10,800,816
Changes in non-cash working capital:		
(Increase) Decrease in accounts receivable	1,398	(46,527)
(Increase) Decrease in inventories	82,458	246,998
(Increase) Decrease in prepaid expenses	46,399	(28,421)
Increase (Decrease) in accounts payable	21,226	(630,488)
Net cash provided by operating activities	11,616,299	10,342,378
FINANCING ACTIVITIES		
Cash payments to Provincial Treasury	(10,967,542)	(11,329,570)
Loans from Province	1,205,000	245,000
Debenture repayment	(632,465)	(571,746)
Net cash used for financing activities	(10,395,007)	(11,656,316)
INVESTING ACTIVITIES		
Acquisition of capital assets	(1,233,949)	(748,561)
Proceeds on disposition of capital assets	30,170	-
	(1,203,779)	(748,561)
Increase (Decrease) in cash	17,513	(2,062,499)
Cash at beginning of year	837,376	2,899,875
Cash at end of year	$ 854,889	$ 837,376

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. Summary of significant accounting policies

(a) Capital Assets
Capital assets are stated at cost less accumulated amortization. Amortization of buildings, furniture and equipment and leasehold improvements are calculated on a straight-line basis at the rates indicated in Note 2.

(b) Inventories
Inventories are valued at the lower of first-in, first-out cost and net realizable value.

(c) Net Income
All net income of the Commission accrues directly to the Province. Transfers of net income are made to the Operating Fund on a continuing basis as excess cash becomes available.

2. Capital Assets

		2004			2003
	Amortization Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land		$ 85,537	$ -	$ 85,537	$ 85,537
Buildings	5%	4,188,512	2,740,622	1,447,890	887,814
Equipment	10 & 20%	1,225,646	1,086,554	139,092	193,371
Vehicles	30%	100,850	15,128	85,722	-
Leasehold Improvements	10%	3,952,905	1,756,933	2,195,972	2,251,126
Financial Information System	20%	1,884,970	837,053	1,047,917	1,202,114
		$11,438,420	$6,436,290	$5,002,130	$4,619,962

3. Leases

The Prince Edward Island Liquor Control Commission leases various pieces of computer hardware and software as well as 13 retail outlets which have maturity dates between fiscal 2005 and 2018. Future minimum lease payments are as follows:

Fiscal Years	Amount
2005	$ 786,878
2006	605,691
2007	468,740
2008	383,027
2009	375,527
2010-2018	1,986,367
	$4,606,230

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

4. Debentures Payable - Province of Prince Edward Island

	Balance March 31, 2004	Less Current Portion	Long Term Liability
Integrated Business Management System Repayable in equal annual installments of $185,075 including interest @ 9.40% per annum, maturing November 1, 2004.	$ 169,172	$169,172	$ -
Cornwall Repayable in equal annual installments of $35,184 including interest @ 6.75% per annum, maturing December 10, 2006.	92,758	28,923	63,835
Stratford Repayable in equal annual installments of $40,415 including interest @ 7.375% per annum, maturing February 10, 2007.	105,338	32,646	72,692
Borden-Carleton Repayable in equal annual installments of $37,442 including interest @ 5.74% per annum, maturing January 21, 2008.	130,515	29,950	100,565
Kensington Repayable in equal annual installments of $49,143 including interest @ 6.70% per annum, maturing November 8, 2009.	236,429	33,303	203,126
North Rustico Repayable in equal annual installments of $38,936 including interest @ 6.79% per annum, maturing March 24, 2010.	186,800	26,252	160,548
Charlottetown (Oak Tree) Repayable in equal annual installments of $197,398 including interest @ 6.79% per annum, maturing March 24, 2010.	947,036	133,094	813,942
Cardigan Repayable in equal annual installments of $55,381 including interest @ 6.40% per annum, maturing February 16, 2011.	304,815	35,874	268,941

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

4. Debentures Payable - Province of Prince Edward Island (continued)

	Balance March 31, 2004	Less Current Portion	Long Term Liability
Summerside (Waterfront) Repayable in equal annual installments of $88,042 including interest @ 6.77% per annum, maturing July 18, 2011.	530,445	52,131	478,314
Financial Information System Repayable in equal annual installments of $195,599 including interest @ 6.57% per annum, maturing March 28, 2012.	1,187,693	117,567	1,070,126
Wood Islands Repayable in equal annual installments of $33,052 including interest @ 5.85% per annum, maturing November 27, 2012.	226,280	19,814	206,466
Charlottetown (Queen Street) Repayable in equal annual installments of $60,016 including interest @ 5.61% per annum, maturing August 1, 2013.	450,000	34,771	415,229
Tignish Repayable in equal annual installments of $99,684 including interest @ 5.40% per annum, maturing January 9, 2014.	755,000	58,914	696,086
	$5,322,281	$772,411	$4,549,870

The total principal repayment for the next five years is as follows:

2005	$ 772,411
2006	642,210
2007	683,715
2008	652,321
2009	656,607
Total	$3,407,264

5. Pension and Other Employee Benefits

Employees of the Prince Edward Island Liquor Control Commission are members of the Prince Edward Island Civil Service Superannuation Plan. Other employee benefits and the employer's share of the plan benefits plus any additional future actuarial liabilities are assumed by the Province of P.E.I. and are not reflected in the Commission's financial statements.

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 2004

AUDITOR'S REPORT

To the Members of the
Prince Edward Island Lotteries Commission

I have examined the balance sheet of the Prince Edward Island Lotteries Commission as at March 31, 2004 and the statement of operations for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
June 7, 2004

STATEMENT 1

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

BALANCE SHEET

MARCH 31, 2004

	2004	2003
ASSETS		
CURRENT ASSETS		
Due from Atlantic Lottery Corporation Inc.	$ -	$436,777
Due from Province of Prince Edward Island	26,316	-
	26,316	436,777
OTHER ASSETS		
Share in Atlantic Lottery Corporation Inc. - at cost	100	100
Share in Interprovincial Lottery Corporation - at cost	1	1
	101	101
	$26,417	$436,878
LIABILITIES AND CONTRIBUTED SURPLUS		
CURRENT LIABILITIES		
Due to Atlantic Lottery Corporation Inc.	$26,316	$ -
Due to Province of Prince Edward Island	-	436,777
	26,316	436,777
CONTRIBUTED SURPLUS - Note 2	101	101
	$26,417	$436,878

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE COMMISSION:

Mitch Murphy

STATEMENT 2

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2004

	2004	2003
REVENUE		
Distribution of Atlantic Lottery Corporation Inc. net profit - Note 1	$18,122,221	$17,345,112
EXPENSES - Note 1		
Remittance to Province of Prince Edward Island	17,188,621	16,411,512
Grant to P.E.I. Harness Racing Industry Association	933,600	933,600
	18,122,221	17,345,112
NET OF REVENUE AND EXPENSES	$ -	$ -

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

NOTE TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. Description of Business

The Government of Prince Edward Island operates no lotteries but the Province, through its ownership of the Prince Edward Island Lotteries Commission, is a shareholder in the Atlantic Lottery Corporation Inc. and in the Interprovincial Lottery Corporation. The Atlantic Lottery Corporation Inc. is jointly owned by the four Atlantic Provinces or their lottery agencies, and is responsible to develop, organize, undertake, conduct and manage lotteries in Atlantic Canada. The Atlantic Lottery Corporation Inc. also markets and handles regionally the products of the Interprovincial Lottery Corporation, which is jointly owned by the ten Canadian provinces. Investments in the Atlantic Lottery Corporation Inc. and in the Interprovincial Lottery Corporation are carried at cost, and their net profits are distributed to the shareholders.

The profit of the Atlantic Lottery Corporation Inc. is distributed to each of the four Atlantic Provinces or their lottery agencies. The distribution to each province consists of the calculated profit in each province as determined by the Amended and Restated Unanimous Shareholders' Agreement.

2. Contributed Surplus

Contributed surplus represents amounts paid by the Province of Prince Edward Island on behalf of the Prince Edward Island Lotteries Commission to the Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation in exchange for share capital.

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M.L.A. PENSION FUND

OF PRINCE EDWARD ISLAND

(OLD PLAN)

FINANCIAL STATEMENTS

DECEMBER 31, 2003

AUDITOR'S REPORT

Honourable P. Mitchell Murphy
Provincial Treasurer
Province of Prince Edward Island

I have audited the statement of net assets available for benefits of the M.L.A. Pension Fund of Prince Edward Island as at December 31, 2003 and the statement of changes in net assets available for benefits for the nine months then ended. These financial statements are the responsibility of the Fund's administrative personnel. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2003 and the results of its operations for the nine months then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 11, 2004

STATEMENT 1

M.L.A. PENSION FUND

OF PRINCE EDWARD ISLAND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT DECEMBER 31, 2003

	DECEMBER 31 2003	MARCH 31 2003
ASSETS		
Cash	$ 95,080	$ 20,050
Accounts receivable	36,058	32,614
Investments - Notes 2(b) and 3	18,426,936	16,263,022
TOTAL ASSETS	18,558,074	16,315,686
LIABILITIES		
Accounts payable	52,643	167,983
NET ASSETS AVAILABLE FOR BENEFITS - STATEMENT 2	$18,505,431	$16,147,703

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

M.L.A. PENSION FUND

OF PRINCE EDWARD ISLAND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2003

	9 MONTHS DECEMBER 31 2003	12 MONTHS MARCH 31 2003
INCREASE IN ASSETS		
Investment income		
Interest	$ 277,090	$ 378,612
Dividends	172,378	262,612
	449,468	641,224
Market value increase	2,907,903	-
TOTAL INCREASE IN ASSETS	3,357,371	641,224
DECREASE IN ASSETS		
Benefits administration expenses	120,523	42,953
Investment management expenses	51,146	68,089
Benefits paid	827,974	1,166,470
	999,643	1,277,512
Market value decrease	-	3,656,771
TOTAL DECREASE IN ASSETS	999,643	4,934,283
INCREASE (DECREASE) IN NET ASSETS	2,357,728	(4,293,059)
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF PERIOD	16,147,703	20,440,762
NET ASSETS AVAILABLE FOR BENEFITS AT END OF PERIOD	$18,505,431	$16,147,703

(The accompanying notes are an integral part of these financial statements.)

M.L.A. PENSION FUND

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Description of Plan

The following description of the M.L.A. Pension Fund of Prince Edward Island is a summary only. For more complete information, reference should be made to the various Acts mentioned below.

a) General

The M.L.A. Pension Fund of Prince Edward Island is a contributory defined benefit plan for Members of the Legislative Assembly of Prince Edward Island who held office prior to July 1, 1994.

Section 20(3) of the former Legislature and Executive Pensions Act stated that the pension scheme established by the Act shall be wound up with effect from June 30, 1994, with such arrangements as considered appropriate for the transition from the pension scheme established by the Act to the pension scheme in replacement of it. The Fund's investments are still being held by the investment custodian and benefits accrued to June 30, 1994 continue to be paid out of the Fund.

A May 19, 1994 amendment to the Legislative Assembly Act provides for an Indemnities and Allowances Commission to review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, Speaker, Deputy Speaker, Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip and Opposition Whip. A new Pension Plan for Members of the Legislative Assembly of Prince Edward Island was established by the Commission, effective as of July 1, 1994.

b) Pensions

Any Member is entitled to a pension upon ceasing to be a Member or upon attaining the age of 50 years, whichever is later.

Annual Members' pensions are equal to the lesser of 75% of contributions and the average annual indemnity during the last five years of service. Annual Ministers' pensions are equal to the lesser of 75% of contributions as a Minister or one half of the highest annual salary as a Minister.

Pensions are adjusted annually by an amount equal to the percentage increase in the Consumer Price Index for the previous year, less 2%, to a maximum of 8%.

M.L.A. PENSION FUND

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2003

c) **Survivors' Benefits**

A pension is payable to a surviving spouse upon the death of a Member or former Member who would have been eligible to receive a pension upon attaining the age of 50 years or who had five or more years of pensionable service. Allowances are also provided for dependent children.

d) **Death Refunds**

A death refund is payable to the estate of a Member where the Member was not eligible for a pension.

e) **Withdrawal Refunds**

Any person ceasing to be a Member who is entitled to receive a pension at age 50 may elect to either receive an annual pension deferred to age 50 or receive a refund of contributions, together with interest thereon at the rate of 6.5% compounded annually.

f) **Disability Pension**

Any Member who is entitled to a pension or who is elected to two General Assemblies and who has attended five sessions is entitled to an immediate pension in the event of permanent infirmity.

2. Summary of Significant Accounting Policies

a) **Basis of Presentation**

These financial statements present the aggregate financial position of the Fund as a separate financial reporting entity independent of the Province of Prince Edward Island and the Fund members. They are prepared to assist in reviewing the activities of the Fund for the fiscal period but do not portray the funding requirements of the Fund or the benefit security of individual Members.

b) With the exception of real estate investments which are valued at cost, investments are stated at market value, as reported by the custodian of the Master Trust.

M.L.A. PENSION FUND

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2003

3. Investments

Investments as of December 31, 2003 consist of the following:

Investment in Province of Prince Edward Island Master Trust	$18,423,940
Cash held for investment	2,996
	$18,426,936

The investments of the Civil Service Superannuation Fund, the M.L.A. Pension Fund of Prince Edward Island, the Pension Plan for Members of the Legislative Assembly of Prince Edward Island, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. Each fund hold units in the Master Trust. As of December 31, 2003 there were 720,284.424 units held in the Master Trust, of which the M.L.A. Pension Fund of Prince Edward Island held the following:

Number of units held	17,367.964
Market value per unit	$ 1,060.800
Market value of units held	$18,423,940

Investments of the Master Trust as of December 31, 2003 are as follows:

Canadian T-bills	$ 8,021,583
Other liquid assets	333,880
Bonds, debentures and notes	258,298,096
Canadian equity securities	293,225,088
Foreign equity securities	195,713,849
Accrued income receivable	3,143,748
Real estate	5,341,633
	$764,077,877

The investments totalling $764,077,877 include amounts which Master Trust fund managers have invested in their own pooled funds. The December 31, 2003 market values of these investments are as follows:

Sceptre Investment Counsel Limited	$ 92,281,954
Beutel, Goodman & Company Ltd.	22,279,658
Northwater Capital Management Inc.	81,943,648
Templeton Management Limited	103,431,895
	$299,937,155

M.L.A. PENSION FUND

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2003

4. Obligations for Pension Benefits for Accounting Purposes

The present value of accured pension benefits was determined using the projected benefit method pro rated on service and management's best estimate assumptions. The most recent actuarial valuation for acocunting purposes was made as of April 1, 2003 by Morneau Sobeco, a firm of consulting actuaries. Management's estimated actuarial present value of accured pension benefits and the estimated surplus as of December 31, 2003, and the principal components of changes from the previous actual valuation as of April 1, 2003 are as follows:

Actuarial present value of accrued pension benefits - April 1, 2003	$12,456,700
Interest accrued on benefits	713,531
Benefits paid	(827,974)
Actuarial present value of accrued pension benefits - December 31, 2003	12,342,257
Net assets available for benefits	18,505,431
Surplus	$ 6,163,174

The economic assumptions used in determining the actuarial present value of accrued pension benefits were developed by reference to expected long term market conditions. Significant long term actuarial assumptions used in the valuation were:

Asset rate of return	7.90% per annum
Pension cost of living increases	2.50% per annum

The Consolidated (Summary) Financial Statements of the Province of Prince Edward Island record the pension obligation using the estimated surplus for accounting purposes.

5. Funding Policy

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of January 1, 2003. This valuation disclosed a $4,182,300 surplus as at January 1, 2003.

Since this is a closed plan with no further benefits accruing to Members, and since there is a going-concern surplus, no contributions are required at this time.

6. Subsequent Event

The Indemnities and Allowances Commission has approved merging the M.L.A. Pension Fund of Prince Edward Island and the Pension Plan for Members of the Legislative Assembly of Prince Edward Island, effective January 1, 2004. This merger will result in the assets and obligations of the M.L.A. Pension Fund of Prince Edward Island being transferred to the Pension Plan for Members of the Legislative Assembly of Prince Edward Island. In anticipation of this merger, the M.L.A. Pension Fund of Prince Edward Island fiscal year end was changed from March 31 to December 31, 2003.

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
(NEW PLAN)
FINANCIAL STATEMENTS
DECEMBER 31, 2003

AUDITOR'S REPORT

Honourable P. Mitchell Murphy
Provincial Treasurer
Province of Prince Edward Island

I have audited the statement of net assets available for benefits of the Pension Plan for Members of the Legislative Assembly of Prince Edward Island as at December 31, 2003 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's administrative personnel. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker
Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 11, 2004

STATEMENT 1

PENSION PLAN FOR MEMBERS

OF THE LEGISLATIVE ASSEMBLY

OF PRINCE EDWARD ISLAND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT DECEMBER 31, 2003

	2003	2002
ASSETS		
Cash	$ 98,477	$ 76,433
Receivables		
Contributions - Members	5,139	4,914
Contributions - Province of P.E.I.	5,139	4,914
Other	698	178
	109,453	86,439
Investments - Notes 2(b) and 3	1,892,071	1,645,769
TOTAL ASSETS	2,001,524	1,732,208
LIABILITIES		
Accounts payable	36,691	11,074
NET ASSETS AVAILABLE FOR BENEFITS - STATEMENT 2	$1,964,833	$1,721,134

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2003

	2003	2002
INCREASE IN ASSETS		
Investment income		
Interest	$ 40,401	$ 34,434
Dividends	28,803	18,864
	69,204	53,298
Market value increase	186,725	-
Contributions - Note 1(a)		
By Members	119,229	117,962
By Province of P.E.I.	119,229	117,962
	238,458	235,924
TOTAL INCREASE IN ASSETS	494,387	289,222
DECREASE IN ASSETS		
Benefits administration expenses	8,234	25
Investment management expenses	6,504	4,834
Benefits paid	43,612	34,540
Refund	192,338	-
	250,688	39,399
Market value decrease	-	165,560
TOTAL DECREASE IN ASSETS	250,688	204,959
INCREASE IN NET ASSETS	243,699	84,263
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	1,721,134	1,636,871
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$1,964,833	$1,721,134

(The accompanying notes are an integral part of these financial statements.)

PENSION PLAN FOR MEMBERS

OF THE LEGISLATIVE ASSEMBLY

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Description of Plan

The following description of the Pension Plan for Members of the Legislative Assembly of Prince Edward Island is a summary only. For more complete information, reference should be made to the Full Plan Text.

a) General

The Pension Plan for Members of the Legislative Assembly is a contributory defined benefit plan for Members of the Legislative Assembly of Prince Edward Island holding office after June 30, 1994.

The Legislative Assembly Act provides for an Indemnities and Allowances Commission to review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, Speaker, Deputy Speaker, Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip and Opposition Whip. This new Plan was established by the Commission, effective as of July 1, 1994.

b) Pension Benefits

The normal retirement date for any participant is the date of attaining the age of 60 years, or on which the participant's age plus years of continuous service after June 30, 1994 equals 80 years, whichever is earlier. Participants who elect to retire early may receive a reduced pension upon attaining the age of 50 years.

Pensions for participants who retired prior to April 1, 2001 are calculated as follows:

(i) Monthly Members' pensions are equal to 2% of the average monthly indemnity received as a Member, excluding allowances, during the 36 consecutive calendar months, or less if there are less than 36 months, which produce the greatest average, multiplied by the number of years of continuous service as a Member after June 30, 1994.

(ii) Monthly Ministers' pensions are equal to 2% of the average monthly salary received as a Minister during the 36 consecutive calendar months, or less if there are less than 36 months, which produce the greatest average, multiplied by the number of years of continuous service as a Minister after June 30, 1994. The definition of Minister includes non-Ministerial service to the executive branch of government in addition to service as a Member.

PENSION PLAN FOR MEMBERS

OF THE LEGISLATIVE ASSEMBLY

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2003

On June 28, 2001 the Indemnities and Allowances Commission approved a new plan design which provides for annual pensions for participants who retire on or after April 1, 2001 to be calculated as follows:

(i) two percent of:

  (a) the average annual indemnity received as a Member during the three years ended March 31, 2001, or less if there is less than three years of service during this period, multiplied by the number of years of service as a Member during the period from June 30, 1994 to March 31, 2001, plus

  (b) the average annual salary received as a Minister during the three years ended March 31, 2001, or less if there is less than three years of service during this period, multiplied by the number of years of service as a Minister during the period from June 30, 1994 to March 31, 2001, plus

  (c) for every appointment of paid non-Ministerial service to the executive branch of government in addition to service as a Member, the average annual salary received for such service during the three years ended March 31, 2001, or less if there is less than three years of service during this period, multiplied by the number of years of such service during the period from June 30, 1994 to March 31, 2001, plus

(ii) twenty-five percent of the required contributions made by the participants commencing April 1, 2001, indexed annually by the percentage increase in the Consumer Price Index, subject to a maximum increase of 8% per annum.

Pensions are increased annually by an amount equal to the percentage increase in the Consumer Price Index since the last previous increase was granted, less 2% per annum, to a maximum of 8% per annum.

PENSION PLAN FOR MEMBERS

OF THE LEGISLATIVE ASSEMBLY

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2003

c) Death Benefits

Reduced benefits are payable to a surviving spouse or any dependent children upon the death of a participant.

In the event of the pre-retirement death of a participant having no surviving spouse or dependent children, an amount equal to the actuarial present value of the earned pension will be paid in a cash lump sum to the designated beneficiary or to the participant's estate.

d) Termination of Service Benefits

Any participant ceasing to be a Member of the Legislative Assembly prior to retirement or death may elect to leave the pension in the Plan or transfer the value of the pension to another prescribed retirement savings or pension plan.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

These financial statements present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Province of Prince Edward Island and the Plan participants. They are prepared to assist in reviewing the activities of the Plan for the fiscal period but do not portray the funding requirements of the Plan or the benefit security of individual participants.

b) With the exception of real estate investments which are valued at cost, investments are stated at market value, as reported by the custodian of the Master Trust.

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2003

3. Investments

Investments as of December 31, 2003 consist of the following:

Investment in Province of Prince Edward Island Master Trust	$1,890,947
Cash held for investment	1,124
	$1,892,071

The investments of the Civil Service Superannuation Fund, the M.L.A. Pension Fund of Prince Edward Island, the Pension Plan for Members of the Legislative Assembly of Prince Edward Island, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. Each fund holds units in the Master Trust. As of December 31, 2003 there were 720,284.424 units held in the Master Trust, of which the Pension Plan for Members of the Legislative Assembly of Prince Edward Island held the following:

Number of units held	1,782.567
Market value per unit	$1,060.800
Market value of units held	$1,890,947

Investments of the Master Trust as of December 31, 2003 are as follows:

Canadian T-bills	$ 8,021,583
Other liquid assets	333,880
Bonds, debentures and notes	258,298,096
Canadian equity securities	293,225,088
Foreign equity securities	195,713,849
Accrued income receivable	3,143,748
Real estate	5,341,633
	$764,077,877

The investments totalling $764,077,877 include amounts which Master Trust fund managers have invested in their own pooled funds. The December 31, 2003 market values of these investments are as follows:

Sceptre Investment Counsel Limited	$ 92,281,954
Beutel, Goodman & Company Ltd.	22,279,658
Northwater Capital Management Inc.	81,943,648
Templeton Management Limited	103,431,895
	$299,937,155

PENSION PLAN FOR MEMBERS

OF THE LEGISLATIVE ASSEMBLY

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2003

4. Obligations for Pension Benefits for Accounting Purposes

The present value of accrued pension benefits was determined using the projected benefit method pro rated on service and management's best estimate assumptions. The most recent actuarial valuation for accounting purposes was made as of April 1, 2003 by Morneau Sobeco, a firm of consulting actuaries. Management's estimated actuarial present value of accrued pension benefits and the estimated unfunded liability as of December 31, 2003, and the principal components of changes from the previous actuarial valuation of April 1, 2003 are as follows:

Actuarial present value of accrued pension benefits - April 1, 2003	$1,994,500
Current service cost	189,525
Interest accrued on benefits	117,118
Benefits paid and refund	(225,185)
Actuarial present value of accrued pension benefits - December 31, 2003	2,075,958
Net assets available for benefits	1,964,833
Unfunded liability	$ 111,125

The economic assumptions used in determining the actuarial present value of accrued pension benefits were developed by reference to expected long term market conditions. Significant long term actuarial assumptions used in the valuation were:

Asset rate of return	7.90% per annum
Pension cost of living increases	2.50% per annum

The Consolidated (Summary) Financial Statements of the Province of Prince Edward Island record the pension obligation using the estimated unfunded liability for accounting purposes.

5. Funding Policy

In accordance with the Full Plan Text, participants' contributions are set at 8% of remuneration, excluding allowances. The Province of Prince Edward Island is required to provide whatever level of funding is required, as determined by the Plan's actuary. The Province's funding policy since the Plan was established has been to match participants' contributions.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of January 1, 2003. This valuation disclosed a $404,300 unfunded liability as at January 1, 2003.

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2003

6. Subsequent Event

The Indemnities and Allowances Commission has approved merging the M.L.A. Pension Fund of Prince Edward Island and the Pension Plan for Members of the Legislative Assembly of Prince Edward Island, effective January 1, 2004. This merger will result in the assets and obligations of the M.L.A. Pension Fund of Prince Edward Island being transferred to the Pension Plan for Members of the Legislative Assembly of Prince Edward Island.

7. Supplementary Plan

These financial statements do not include the financial activities of a supplementary non-registered pension plan for MLAs holding office after June 30, 1994, which is financed entirely by the Province of Prince Edward Island, without contributions from MLAs.

Supplementary plan benefits paid during the year ended December 31, 2003 totalled $71,049 compared to $61,490 paid during the year ended December 31, 2002.

The most recent actuarial valuation for accounting purposes was made as of April 1, 2003 by Morneau Sobeco, a firm of consulting actuaries. Management's estimated actuarial present value of accrued pension benefits and the estimated unfunded liability as of December 31, 2003, and the principal components of changes from the previous actuarial valuation as of April 1, 2003 are as follows:

Actuarial present value of accrued pension benefits - April 1, 2003	$2,439,400
Current service cost	202,425
Interest accrued on benefits	148,926
Benefits paid	(54,193)
Actuarial present value of accrued pension benefits (unfunded liability) - December 31, 2003	$2,736,558

This estimate is also based on 2.50% per annum pension cost of living increases.

The Consolidated (Summary) Financial Statements of the Province of Prince Edward Island record the pension obligation using the estimated unfunded liability for accounting purposes.

PRINCE EDWARD ISLAND

MUSEUM AND HERITAGE FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2004

AUDITOR'S REPORT

To The Board of Governors of the
Prince Edward Island Museum and Heritage Foundation

I have audited the balance sheet of the Prince Edward Island Museum and Heritage Foundation as at March 31, 2004 and the statements of operations and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
June 16, 2004

STATEMENT 1

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 2004

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Orwell Trust Fund	Publishing Trust Fund	2004 Total	2003 Total
ASSETS							
Current							
Cash	$ 12,756	$ 24,359	$ 1,382	$6,600	$ 8,002	$ 53,099	$ 65,404
Short term investments - (Note 3)	255,000	-	-	-	-	255,000	-
Accounts Receivable							
- General	348,549	760	1,060	-	-	350,369	131,615
- Province of PEI	-	-	-	-	-	-	200,000
Amounts Due Between Funds - (Note 10)	(14,946)	-	-	1,380	13,566	-	-
Inventory - (Notes 2 & 6)	61,663	-	-	-	-	61,663	67,152
	663,022	25,119	2,442	7,980	21,568	720,131	464,171
Long Term							
Investments - (Notes 2 & 11)	6	94,434	512,919	-	12,114	619,473	544,523
Land, Buildings and Equipment - (Notes 2 & 8)	35,975	-	-	-	-	35,975	45,350
Artifacts - (Note 2)	1	-	-	-	-	1	1
	35,982	94,434	512,919	-	12,114	655,449	589,874
	$699,004	$119,553	$515,361	$7,980	$33,682	$1,375,580	$1,054,045
LIABILITIES AND FUND BALANCES							
Current							
Accounts Payable							
- General	$418,947	$ -	$ -	$ -	$ -	$ 418,947	$ 139,765
- Province of PEI	62,457	-	-	-	-	62,457	75,305
Deferred revenue	186,116	-	-	-	-	186,116	273,279
	667,520	-	-	-	-	667,520	488,349
Fund Balances - Statement 2							
Invested in Capital Assets	35,976	-	-	-	-	35,976	45,351
Externally Restricted - (Note 5)	-	119,553	515,361	-	-	634,914	528,506
Internally Restricted	-	-	-	7,980	33,682	41,662	50,353
Unrestricted	(4,492)	-	-	-	-	(4,492)	(58,514)
	31,484	119,553	515,361	7,980	33,682	708,060	565,696
	$699,004	$119,533	$515,361	$7,980	$33,682	$1,375,580	$1,054,045

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

DIRECTOR:

DIRECTOR: Barbara [illegible]

STATEMENT 2

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2004

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Orwell Trust Fund	Publishing Trust Fund	2004 Total	2003 Total
REVENUES							
Provincial Grants - (Note 7)	$1,351,707	$ -	$ -	$ -	$ -	$1,351,707	$ 783,454
Federal Grants - (Note 12)	206,646	-	-	-	-	206,646	393,974
Memberships and Donations	45,398	-	100,000	-	-	145,398	41,768
Admissions and House Events	161,793	-	-	-	-	161,793	169,795
Publishing Sales	21,433	-	-	-	-	21,433	21,602
Investment Income	7,005	5,145	24,033	144	1,168	37,495	31,737
Other	239,655	-	-	1,125	-	240,780	90,632
	2,033,637	5,145	124,033	1,269	1,168	2,165,252	1,532,962
EXPENDITURES							
Artifact Collection and Equipment	10,694	-	-	-	-	10,694	10,649
Amortization	9,374	-	-	-	-	9,374	9,374
Federal Projects - (Note 12)	747,656	-	-	-	-	747,656	428,318
Insurance, Taxes and Interest	21,396	-	-	-	-	21,396	20,373
Office and General	123,550	520	-	-	-	124,070	163,350
Public Programme	137,377	-	-	-	-	137,377	69,196
Publishing	21,931	-	13,000	-	-	34,931	41,926
Repairs and Maintenance	11,651	-	9,250	11,128	-	32,029	37,932
Travel	6,976	-	-	-	-	6,976	8,876
Utilities	67,627	-	-	-	-	67,627	70,261
Wages and Employee Benefits - (Note 9)	830,758	-	-	-	-	830,758	792,164
	1,988,990	520	22,250	11,128	-	2,022,888	1,652,419
Net Income (Loss) for the Year	44,647	4,625	101,783	(9,859)	1,168	142,364	(119,457)
Fund Balance, Beginning of Year	(13,163)	114,928	413,578	17,839	32,514	565,696	685,153
Fund Balance, End of Year	$ 31,484	$119,553	$515,361	$ 7,980	$33,682	$ 708,060	$ 565,696

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2004

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Orwell Trust Fund	Publishing Trust Fund	Total 2004	Total 2003
SOURCES OF CASH							
Provincial Grants	$1,376,661	$ -	$ -	$ -	$ -	$1,376,661	$ 758,500
Federal Grants	458,790	-	-	-	-	458,790	433,339
Memberships and Donations	45,158	-	100,000	-	-	145,158	40,988
Operating Activities	325,789	-	-	1,125	-	326,914	201,617
Investment Income	5,391	4,994	24,648	325	522	35,880	30,254
	2,211,789	4,994	124,648	1,450	522	2,343,403	1,464,698
USES OF CASH							
Investment (Increase) Decrease	(254,993)	17,040	(108,878)	17,403	(522)	(329,950)	(20,088)
Inventory (Increase) Decrease	5,489	-	-	-	-	5,489	26,549
Salaries	(843,607)	-	-	-	-	(843,607)	(811,669)
Other Operating Costs	(1,175,992)	(520)	-	(11,128)	-	(1,187,640)	(740,762)
	(2,269,103)	16,520	(108,878)	6,275	(522)	(2,355,708)	(1,545,970)
Cash from Operations and Investment	(57,314)	21,514	15,770	7,725	-	(12,305)	(81,272)
Cash Flows on Interfund Transactions	23,335	-	(22,210)	(1,125)	-	-	-
Balance, Beginning of Year	46,735	2,845	7,822	-	8,002	65,404	146,676
Balance, End of Year	$ 12,756	$24,359	$ 1,382	$ 6,600	$8,002	$ 53,099	$ 65,404

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

1. Purpose of the Organization

The Prince Edward Island Museum and Heritage Foundation is a registered charitable corporation whose purpose is to study, collect, preserve, interpret and protect the human and natural heritage of Prince Edward Island for the use, benefit and enjoyment of the people of the Province.

2. Significant Accounting Policies

a) Fund Accounting

The Operating Fund accounts for the Foundation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Endowment Trust Fund was established to support and enhance the effort in the preservation and development of the Province's historic resources. The Endowment Fund reports resources contributed for endowment and the income earned on its investments. Expenditures from income of the Endowment Trust Fund are subject to approval of the Fund's trustees. Expenditures of the Fund's capital may be made with the approval of the Lieutenant Governor-in-Council.

The Publishing Trust Fund was established to finance publishing projects through loans to the Operating Fund. Money from the fund may be loaned to finance projects recommended by the Board's Publishing Committee and approved by the Board of Directors. Loans bear interest at the prevailing prime rate.

The Orwell Trust Fund was established to assure the recognition of the efforts of Orwell Corner Historical Site in becoming a financially viable operation. The Fund's resources are used to make improvements and enhancements to the historical site.

The Robert and Mildred Jaynes Trust was established to support the acquisition of property for the purpose of imposing restrictive covenants protecting historical, architectural, natural or cultural importance. Properties once protected will be offered for sale and proceeds returned to the Trust. Control of expenditures is governed by a Board of Trustees.

b) Amortization is calculated on the straight-line basis at the following rates:

Buildings	4%
Equipment	20%
Inventory	20%

Fully amortized equipment will be carried on the balance sheet at a nominal value of $1.

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2004

c) The capitalization policy is to capitalize all additions greater than $5,000.

d) Property acquired as a result of a bequest of the late Julian Jaynes has not been capitalized as it is not used in ongoing operations.

e) Artifacts are recorded on the balance sheet at a nominal value of $1. Due to the nature of these items the historical and intrinsic value is not readily measurable.

f) Inventory has been valued at the lower of cost and net realizable value. Books published by the Foundation are amortized by the straight-line method to determine net realizable value.

g) The value of donated materials and services is not reflected in the financial statements.

h) Investments are valued using the cost method. Interest revenue is recognized on strip bonds based on stated yield rates at purchase and cost is adjusted as income is recognized. For other investments interest revenue is recognized on an accrual basis and recorded cost represents the initial acquisition cost.

3. Short-Term Investments

Short-term investments are interest bearing investments that are carried at cost. Accrued interest is calculated and included in accounts receivable. Since these investments are held for a short period of time, their market value approximates their carrying value.

4. Orwell Corner Project

The Prince Edward Island Museum and Heritage Foundation constructed a new facility of 8,373 sq. ft. to house the Prince Edward Island Agricultural Heritage Museum. A plan to build a second facility of 25,000 sq. ft. for a Collection and Conservation Centre at the Orwell Corner Historic Village was cancelled during 2003/2004.

The Province of Prince Edward Island purchased a property appraised at $140,000 for the project. The Foundation purchased two other properties for the project for $90,000 and $17,000 respectively. Title to the properties is held by the Province.

5. Externally Restricted Funds

(a) Robert and Mildred Jaynes Trust Fund

As a result of a bequest of the late Julian Jaynes the Foundation acquired land and building situated in Stratford and the Robert and Mildred Jaynes Trust Fund of $100,000 was established. The land and building have been leased in exchange for maintenance and insurance coverages on the property.

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2004

The Robert and Mildred Jaynes Trust Fund is administered by three trustees:

- The Minister of the Government of Prince Edward Island responsible for the Museum Act
- The Chairman of the Board of Governors of the Museum
- Mrs. Robert (Mildred) Jaynes, the Settler, and after her;
- The serving PEI Governor of the Heritage Canada Foundation

The trustees may use the principle and income of the fund to support Museum activity of acquiring property for the purpose of imposing restrictive covenants and offering protected properties for sale with proceeds being returned to the Trust. The trustees may also make loans to the Board of Governors of the PEI Museum and Heritage Foundation on such terms and conditions as the Trustees determine.

(b) Endowment Trust Fund

The Endowment Trust Fund is administered by three trustees:
- The Provincial Treasurer of PEI
- The Chief Justice of the Supreme Court of PEI
- The Chairman of the Board of Directors of the PEI Museum and Heritage Foundation.

Normally only the income from investments is expended. Expenditures are to be used on specific projects which are within the aims and objectives of the Foundation.

6. Inventory

	2004	2003
Publishing Inventory		
Original cost	$ 207,098	$214,885
Accumulated amortization	(168,911)	(165,393)
Inventory value	38,187	49,492
Giftshop/Book Inventory - at cost	23,476	17,660
	$ 61,663	$ 67,152

7. Provincial Grants

The Provincial Grants amount of $1,351,707 (2003 - $783,454) includes an operating grant of $787,330 (2003 - $725,100), and French Services Claim revenue of $39,330 (2003 - $33,400) and Orwell Corner project revenue of $525,047 (2003 - $24,954).

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2004

8. Land, Buildings and Equipment

The recorded values of land and buildings represent those purchased and donated. Those purchased are recorded at cost and those donated are recorded at appraised value at the time of donation.

	2004			2003
	Recorded Value	Accumulated Amortization	Net Book Value	Net Book Value
Land				
Beaconsfield	$ 9,108	$ -	$ 9,108	$ 9,108
Warehouse	12,500	-	12,500	12,500
	21,608	-	21,608	21,608
Buildings				
Beaconsfield	104,216	104,216	-	-
Warehouse	234,343	219,977	14,366	23,741
Elmira Station	15,433	15,433	-	-
	353,992	339,626	14,366	23,741
Equipment	1	-	1	1
	$375,601	$339,626	$35,975	$45,350

9. Wages and Employee Benefits

Employees of the Prince Edward Island Museum and Heritage Foundation are members of the Prince Edward Island Civil Service Superannuation Plan. Other employee benefits and the employer's share of the plan benefits plus any additional future actuarial liabilities are assumed by the Province of PEI and are not reflected in the Foundation's financial statements.

During 2003-2004, the Foundation had funding for 263 weeks of employment at various historical sites from the Employment Development Agency. The employees are hired and wages are paid by the Prince Edward Island Employment Development Agency. The total wages and benefits paid to these employees during 2003-2004 was $67,934 and are not reflected in the financial statements of the Foundation.

10. Amounts Due Between Funds

At March 31, 2004, the following amounts were due (to) from the Operating Fund:

Endowment Trust Fund

Annual appropriation of interest income	$(22,250)
Transfers to Operating Fund	22,250
	-

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2004

10. Amounts Due Between Funds (continued...)

Orwell Trust Fund	
Donations to Orwell Trust Fund deposited to an Operating account	$ 1,380
Publishing Trust Fund	
Loan to Operating Fund plus accrued interest of 5%	13,566
	$14,946

11. Investments

	2004		2003
	Net Book Value	Market Value	Net Book Value
Operating Fund			
Souris Credit Union Shares	$ 6	$ 6	$ 13
Orwell Trust Fund			
Royal Bank GIC, 1.5% maturing June 11, 2003	-	-	10,918
CPN Province of Ontario, yield 2.69% maturing November 27, 2003	-	-	6,485
	-	-	17,403
Publishing Trust Fund			
Government of Canada Coupon, yield 4.50% maturing January 6, 2005	12,114	12,262	11,592
Robert & Mildred Jaynes Trust			
Bonds:			
Province of British Columbia Bond, yield 6.00% maturing June 21, 2004	24,791	25,001	23,388
Province of British Columbia Bond, yield 5.99% maturing July 9, 2006	24,782	26,558	23,382
Province of Saskatchewan Bond, yield 6.08% maturing October 10, 2008	24,861	27,490	23,436
Citizens Bank, yield 3.05%, maturing September 4, 2003	-	-	21,268
Bank of Montreal, yield 3.80%, maturing December 5, 2005	20,000	21,009	20,000
	94,434	100,058	111,474

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2004

11. **Investments (continued...)**

	2004		2003
	Net Book Value	Market Value	Net Book Value
Endowment Trust Fund			
Bonds:			
Province of Ontario Bond, yield 7.75%, maturing December 18, 2003	-	-	38,360
Province of Ontario Coupon, yield 9.00%, maturing September 15, 2004	39,355	41,383	39,355
General Motors Acceptance Corporation 5.5% Medium Term Note due June 20, 2005	40,027	41,617	40,049
Strip Bonds:			
Government of Canada Bond, yield 7.91%, maturing December 1, 2003	-	-	41,816
Province of Nova Scotia Coupon, yield 7.08%, maturing December 1, 2005	52,666	56,622	49,184
Sentinel Canada Prin. Ser.1, yield 5.87%, maturing October 1, 2006	24,091	25,729	22,755
Province of Ontario Coupon, yield 5.06%, maturing December 2, 2007	26,020	27,656	24,767
Province of Ontario Coupon, yield 5.17%, maturing December 2, 2008	24,170	25,784	22,982
Province of Saskatchewan, yield 6.30%, maturing January 18, 2010	17,371	19,446	16,342
Province of Newfoundland, yield 5.30%, maturing August 15, 2011	17,432	18,236	16,554
Province of New Brunswick, yield 4.40%, maturing November 23, 2009	25,375	25,756	-
Province of Quebec Coupon, yield 4.04%, maturing June 28, 2008	25,764	25,838	-
Province of Newfoundland Coupon, yield 3.50%, maturing October 17, 2006	25,396	26,628	-
Trans Canada Pipeline Coupon, yield 4.00% maturing October 20, 2007	25,445	25,631	-
GIC:			
Canadian Western Bank, yield 2.90%, maturing January 21, 2006	77,930	77,926	-
Equity Investments:			
1670 Units Sovereign Cdn Equity Pool	40,826	38,417	40,826
1312 Units Sovereign US Equity Pool	30,640	22,708	30,640
988 Units Sovereign Overseas Equity Pool	20,411	16,159	20,411
	512,919	515,536	404,041
	$619,473	$627,862	$544,523

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2004

12. Federal Government Revenue and Project Expenditures

	2004		2003	
	Revenue	Expenditures	Revenue	Expenditures
Projects				
Heritage Canada Foundation - Young Canada	$ 2,871	$ 3,999	$ 695	$ 695
Cultural Spaces Canada Program Orwell Corner Project	135,758	669,290	326,000	350,955
Basin Head Marine Protected Area Project	20	20	1,507	1,507
Canadian Museums Association Young Canada	14,762	19,484	17,171	23,556
Human Resources Development Canada SCP Program	17,516	19,504	14,474	17,478
Summer Work/Student Exchange Program	2,810	2,810	-	-
Canadian Heritage Museum Assistance	32,549	32,549	34,127	34,127
	206,286	$747,656	393,974	$428,318
General Grant				
Canadian Heritage Canada Committee	360		-	
	$206,646		$393,974	

Revenue received during a year but not expended is reflected as deferred revenue.

The expenditures shown as incurred for the Orwell Corner Project, Cultural Spaces Program only reflect those expenditures made directly by the PEI Museum and Heritage Foundation. Other expenditures were also incurred for the Orwell Corner Project by the Province of Prince Edward Island and the Pioneer Village of Orwell Incorporated but are not reflected in the above.

Financial Statements of

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Year ended March 31, 2004

BFM

Beaton Fitzpatrick Murray
Chartered Accountants and Advisors

A.W. Beaton, CA
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AUDITORS' REPORT TO THE COMMISSIONERS

We have audited the balance sheet of Prince Edward Island Regulatory and Appeals Commission as at March 31, 2004 and the statement of earnings and surplus for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Beaton Fitzpatrick Murray

Chartered Accountants

Charlottetown, P.E.I.
May 21, 2004

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Balance Sheet

March 31, 2004, with comparative figures for 2003

	2004	2003
Assets		
Current assets:		
Cash and term deposits	$ 1,236,017	$ 1,384,082
Cash held in trust	10,983	5,755
Receivables	36,542	45,273
Prepaid expenses	1,514	2,040
	1,285,056	1,437,150
Capital assets (note 2)	141,501	150,183
	$ 1,426,557	$ 1,587,333
Liabilities and Surplus		
Current liabilities:		
Accounts payable and accrued liabilities	$ 912,920	$ 235,354
Deposit guarantees - moving permits and rentalsman	10,983	5,755
	923,903	241,109
Deferred revenue (note 3)	-	817,828
Reserves (note 4)	6,275	12,031
Severance allowance	190,505	210,491
Surplus (note 5)	305,874	305,874
Commitment (note 6)		
	$ 1,426,557	$ 1,587,333

See accompanying notes to financial statements.

On Behalf of the Board:

Chairman

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Statement of Earnings and Surplus

Year ended March 31, 2004, with comparative figures for 2003

	2004	2003
Revenue:		
Assessments, licenses and permits	$ 2,056,207	$ 2,309,674
Investment income	45,542	38,232
	2,101,749	2,347,906
Expenses:		
Administration	1,729,825	1,620,784
Depreciation	125,057	123,638
	1,854,882	1,744,422
Earnings before Reserves transfer	246,867	603,484
Transfer from Reserves	5,756	5,756
	252,623	609,240
Deferred revenue (note 3)	(252,623)	(609,240)
Net earnings	-	-
Surplus, beginning of year	305,874	305,874
Surplus, end of year	$ 305,874	$ 305,874

See accompanying notes to financial statements.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2004

The Commission is incorporated under the Island Regulatory and Appeals Commission Act of Prince Edward Island. The Commission is primarily engaged in the general supervision of public utilities, petroleum distributors, land and property appeals, provincial rentalsman, auto insurance rate regulation and the hearing of appeals for property and sales tax disputes. The Commission is also responsible for recommending decisions under the Lands Protection Act.

1. Significant accounting policies:

(a) Capital assets:

Leaseholds and equipment are stated at cost and are depreciated on the straight-line basis using the following annual rates:

Asset	Rate
Leasehold improvements	10% and 20%
Furnishings and equipment	20%
Computer equipment	33.33%

(b) Vacation pay and severance allowance:

Vacation pay is recorded as a liability when earned. Severance allowances are recognized when the employee meets the eligibility criteria.

(c) Pension costs:

Employees of the Commission belong to the civil service superannuation plan. Employees' contributions and matching employer's contributions are transferred to the Province of Prince Edward Island. Future actuarial liabilities assumed by the Province of Prince Edward Island are not reflected in these financial statements.

(d) Investments:

Investments are recorded at cost. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2004

1. Significant accounting policies (continued):

(e) Financial instruments:

The Commission's financial instruments consist of cash, accounts receivable, investments, and accounts payable. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

(f) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Capital assets:

	Cost	Accumulated depreciation	2004 Net book value	2003 Net book value
Leasehold improvements	$ 177,986	$ 134,264	$ 43,722	$ 59,860
Furnishings and equipment	54,666	31,844	22,822	13,805
Computer equipment	235,788	160,831	74,957	76,518
	$ 468,440	$ 326,939	$ 141,501	$ 150,183

3. Deferred revenue:

Pursuant to a three year provincial assessment agreement entered into with the Province of Prince Edward Island, the Commission has agreed to refund to the Province of Prince Edward Island, at the end of the agreement, the accumulated surplus, if any, for the years ended March 31, 2005, 2006, and 2007.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2004

4. Reserves:

	2004	2003
Reserve balance, beginning of year	$ 12,031	$ 17,787
Transfer to surplus	(5,756)	(5,756)
Reserve balance, end of year	$ 6,275	$ 12,031
Comprised of:		
Reserve for Uniform System of Accounts Study	5,235	5,235
Reserve for leasehold improvements	1,040	6,796
	$ 6,275	$ 12,031

5. Surplus:

	Capital Fund	Operating Fund	Total 2004	Total 2003
Surplus, beginning of year	$ 150,183	$ 155,691	$ 305,874	$ 305,874
Transfer to operating fund	(125,057)	125,057	-	-
Transfer from operating fund	116,375	(116,375)	-	-
Surplus, end of year	$ 141,501	$ 164,373	$ 305,874	$ 305,874

6. Commitment:

The Commission has an operating lease for its premises at $ 11,643. per month plus common area charges, under a lease expiring in 2009.

The minimum annual lease payment to the expiry date is $ 139,716.

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P.E.I. SELF-INSURANCE AND RISK MANAGEMENT FUND

FINANCIAL STATEMENTS

MARCH 31, 2004

AUDITOR'S REPORT

To the Members of Treasury Board

I have examined the balance sheet of the Prince Edward Island Self-Insurance and Risk Management Fund as at March 31, 2004 and the statement of revenues, expenses and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
June 28, 2004

STATEMENT 1

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

BALANCE SHEET

AS AT MARCH 31, 2004

	2004	2003
ASSETS		
Current assets		
Accounts receivable		
Province of P.E.I. - Note 6	$8,332,391	$8,133,866
Other	3,779	15,202
	8,336,170	8,149,068
Prepaid expenses	67,826	78,913
	$8,403,996	$8,227,981
LIABILITIES AND FUND BALANCE		
Current liabilities		
Accounts payable	$ 66,699	$ 22,804
Unearned premiums	374,393	296,717
Provision for unsettled claims - Note 4	782,538	777,487
	1,223,630	1,097,008
Fund balance - Statement 2	7,180,366	7,130,973
	$8,403,996	$8,227,981

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF TREASURY BOARD:

MEMBER: Mitch Murphy

MEMBER: Gail Shea

STATEMENT 2

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

STATEMENT OF REVENUES, EXPENSES AND FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
Revenues		
Insurance premiums - Note 5	$1,567,797	$1,114,985
Interest revenue - Note 6	40,298	40,203
Grant in lieu of interest - Note 6	175,000	175,000
Claim recoveries - Note 7	33,175	27,027
	1,816,270	1,357,215
Expenses		
Claims - Note 8	640,142	430,249
Consulting - Note 9	124,513	103,654
Insurance premiums - Note 10	786,394	687,369
Office and travel	12,547	18,670
Salary and benefits	203,281	192,253
	1,766,877	1,432,195
Net income (loss) for the year	49,393	(74,980)
Fund balance, beginning of year	7,130,973	7,205,953
Fund balance, end of year	$7,180,366	$7,130,973

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. Operations

The Prince Edward Island Self-Insurance and Risk Management Fund was established under Part II of the Financial Administration Act. The Fund provides general liability insurance, errors and omissions insurance, and primary property and crime insurance for government entities. The Fund is administered by Treasury Board.

2. Summary of Significant Accounting Policies

Prepaid Expenses:

Expenses paid for benefits continuing beyond March 31 are recorded as prepaid expenses.

Unearned Premiums:

Premiums received for coverage continuing beyond March 31 are recorded as unearned premiums.

Provision for Unsettled Claims:

The provision for unsettled claims represents management's best estimate for the full amount of all costs including investigation and the projected final settlements of reported claims. This provision is adjusted up or down as additional information affecting the estimated amounts becomes known during the course of claims settlement. The provision adjustment is recorded in claims expense in the current period.

Equipment:

Equipment is expensed in the year of acquisition.

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

3. Change in Accounting Policy

During the year ended March 31, 2004 the Prince Edward Island Self-Insurance and Risk Management Fund changed its accounting policy for claims from a settled claims basis to an accrued claims liability basis. This change was made in order to comply with a revision to the Canadian Institute of Chartered Accountants (CICA) Handbook, which now requires that the Fund's financial statements must be in accordance with Canadian generally accepted accounting principles. The net loss for the year ended March 31, 2003 and the fund balance at the beginning and at the end of that year are restated to reflect the change resulting from the retroactive application of the change in accounting policy, summarized as follows:

	Fund Balance, Beginning of Year	Net Income (Loss)	Fund Balance, End of Year
Amounts previously reported	$8,018,809	$(110,349)	$7,908,460
Less: Increase (decrease) in provision for unsettled claims	812,856	(35,369)	777,487
Amounts restated	$7,205,953	$ (74,980)	$7,130,973

4. Provision for Unsettled Claims

	2004	2003
General liability, errors and omissions		
Compensation amounts and professional services	$580,205	$716,956
Less: Estimated recoveries	8,052	21,672
	572,153	695,284
Primary property and crime		
Compensation amounts and professional services	314,458	99,266
Less: Estimated recoveries	104,073	17,063
	210,385	82,203
	$782,538	$777,487

5. Insurance Premiums Revenue

	2004	2003
General liability, errors and omissions	$ 742,823	$ 611,332
Primary property and crime	824,974	503,653
	$1,567,797	$1,114,985

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

6. Grant in Lieu of Interest

The account receivable from the Province of P.E.I. includes $6,887,571 that was invested in Provincial Deposit Receipts until March 31, 1997. At that time Treasury Board directed the investment be redeemed and replaced by a non-interest bearing account receivable from the Province of P.E.I. In lieu of interest on investments, an annual payment of $175,000 has been paid by the Province to the Fund. In addition, the Province pays interest on the remaining accounts receivable balance at the overnight call loan rate.

7. Claim Recoveries

	2004	2003
General liability, errors and omissions	$25,314	$10,699
Primary property and crime	7,861	16,328
	$33,175	$27,027

8. Claims Expense

	2004	2003
General liability, errors and omissions		
Compensation amounts - settled claims	$113,479	$184,718
Professional services - current cost	246,442	208,628
Increase (decrease) in provision for unsettled claims	(123,131)	(61,801)
	236,790	331,545
Primary property and crime		
Compensation amounts - settled claims	232,481	57,638
Professional services - current cost	42,689	14,634
Increase in provision for unsettled claims	128,182	26,432
	403,352	98,704
	$640,142	$430,249

9. Consulting Expense

	2004	2003
Risk management studies	$ 33,000	$ 19,237
Consulting - risk management	38,000	38,000
Consulting - legal and accounting	28,263	22,142
Consulting - computer	4,625	-
Property inspections and programs	20,625	24,275
	$124,513	$103,654

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2004

10. Insurance Premiums Expense	2004	2003
General liability, errors and omissions	$315,962	$358,944
Primary property and crime	470,432	328,425
	$786,394	$687,369

11. Cash Flow Statement

A cash flow statement has not been included in these financial statements. All receipts and payments flow through the Province's bank account. Since cash flow activity is reflected in the inter entity receivable/payable between the Fund and the Province, the presentation of cash flows in a financial statement format is not considered necessary.

PRINCE EDWARD ISLAND

SPECIAL PROJECTS FUND

FINANCIAL STATEMENTS

MARCH 31, 2004

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Special Projects Fund

I have audited the balance sheet of the Prince Edward Island Special Projects Fund as at March 31, 2004 and the statement of revenue, expenditures, and fund balances for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 31, 2004

STATEMENT 1

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

BALANCE SHEET

AS AT MARCH 31, 2004

	2004	2003
CURRENT ASSET		
Due from the Province of Prince Edward Island (Note 2)	$1,286,827	$3,381,315
FUND BALANCE		
Fund Balance - Statement 2	$1,286,827	$3,381,315

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

Mitch Murphy

STATEMENT 2

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

STATEMENT OF REVENUE, EXPENDITURES AND FUND BALANCES

YEAR ENDED MARCH 31, 2004

	Health Care Stabilization	Development	Health Research	Sustainable Resource Support	Community Development	Education Stabilization	2004 Total	2003 Total
REVENUE								
Interest Income	$ -	$ -	$ 40,913	$ -	$ -	$ -	$ 40,913	$ 97,241
EXPENDITURES								
Grants	-	1,844,201	291,200	-	-	-	2,135,401	12,999,845
Excess expenditures over revenue	-	(1,844,201)	(250,287)	-	-	-	(2,094,488)	(12,902,604)
Fund balance, beginning of year	-	1,844,201	1,537,114	-	-	-	3,381,315	16,283,919
Fund balance, end of year	$ -	$ -	$1,286,827	$ -	$ -	$ -	$1,286,827	$ 3,381,315

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. The Prince Edward Island Special Projects Fund was established under Part III.I of the Financial Administration Act. Regulations were established which indicate the purpose of each program, the eligibility criteria, and the approval and disbursement process. The purposes of each program associated with the six separate funds that comprise the Special Projects Fund are listed below:

Health Care Stabilization Fund (Health Care Support Program)

(a) to ensure existing programs and services are maintained;
(b) to stabilize the workforce through the conversion of casual and temporary positions to permanent positions;
(c) to address the difficulties in recruiting staff for specialty service delivery areas; and
(d) to maintain a high standard of health care delivery.

Development Fund (Economic Development Projects Program)

(a) to fund economic development in the province; and
(b) to enable access to federal economic development assistance including, but not limited to, economic development agreements between the federal government and the province.

Health Research Fund (Health Research Program)

(a) to provide new knowledge regarding persons suffering from diabetes, asthma, cancer, or other illnesses;
(b) to provide information regarding health services and health systems;
(c) to provide new knowledge regarding the prevention, early detection, and management of diabetes, asthma, cancer, or other illnesses; or
(d) to assist in determining best practices in the prevention and treatment of diabetes, asthma, cancer, or other illnesses.

Sustainable Resource Support Fund

(Agriculture and Environmental Resource Conservation Program)

(a) to assist farmers in the production of sustainable, high-quality crops and food

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2004

Community Development Fund (Community Development Program)

To enhance community life, infrastructure, and employment opportunities in areas including, but not limited to:

(a) education;
(b) technology;
(c) recreation; and
(d) environment.

Education Stabilization Fund

(Teacher Technology Training Program)

To promote and improve the use of technology in Island schools by:

(a) providing technology training and support to teachers;
(b) improving computer hardware and software in schools; and
(c) supporting the integration of technology into the school curriculum.

(Education Special Projects Program)

May be used for the implementation of new initiatives and for the maintenance or expansion of existing programs.

2. Due From The Province of Prince Edward Island

The balance due from the Province consists of the principal and accumulated interest amounts and is unsecured with no set terms of repayment and bears interest at the rate in effect for the overnight call loan.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

FINANCIAL STATEMENTS

JUNE 30, 2003

AUDITOR'S REPORT

To the Commissioners of the
Teachers' Superannuation Commission
Province of Prince Edward Island

I have audited the Statement of Net Assets Available for Benefits of the Province of Prince Edward Island Teachers' Superannuation Fund as at June 30, 2003 and the Statement of Changes in Net Assets Available for Benefits for the year then ended. These financial statements are the responsibility of the Teachers' Superannuation Commission. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
February 12, 2004

STATEMENT 1

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

as at JUNE 30, 2003

	2003	2002
Assets		
Cash	$ 711,441	$ 618,885
Contributions receivable - employee	4,030	4,819
Contributions receivable - employer	8,609	9,075
Other accounts receivable	26,579	17,791
Short term loan to Province	700,000	600,000
	1,450,659	1,250,570
Investments (Note 2b, 3)		
Province of Prince Edward Island Master Trust	266,823,765	276,003,900
Total Assets	$268,274,424	$277,254,470
Liabilities		
Installment buybacks	-	6,832
Accounts payable	884,915	794,142
Total Liabilities	884,915	800,974
Net assets available for benefits	$267,389,509	$276,453,496

(The accompanying notes are an integral part of these financial statements.)

ON BEHALF OF THE COMMISSION

COMMISSIONER: ____________

COMMISSIONER: ____________

STATEMENT 2

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED JUNE 30, 2003

	2003	2002
INCREASE IN ASSETS		
Investment income		
Interest on investments	$ 5,492,414	$ 6,414,359
Dividends	3,871,830	3,143,308
Other income	29,148	23,268
	9,393,392	9,580,935
Market value increase (decrease)	(12,613,985)	(12,461,050)
Contributions		
Employees' contributions	5,882,826	5,652,527
Employers' contributions	5,882,826	5,652,527
Transfers from other plans	500,869	163,894
Buybacks	242,212	305,857
Contribution towards unfunded liability (Note 5)	12,121,202	12,121,202
	24,629,935	23,896,007
Total Increase in Assets	21,409,342	21,015,892
DECREASE IN ASSETS		
Administrative costs	141,885	99,253
Custodial and management fees	959,717	813,868
Refunds	214,685	81,366
Pensions paid	25,223,484	22,754,422
Transfers to other plans	3,933,558	1,113,630
Total Decrease in Assets	30,473,329	24,862,539
Increase (Decrease) in net assets	(9,063,987)	(3,846,647)
Net assets available for benefits at beginning of the year	276,453,496	280,300,143
Net assets available for benefits at end of the year	$267,389,509	$276,453,496

(The accompanying notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2003

1. Description of Plan

The following description of the Teachers' Superannuation Plan is a summary only. For more complete information, reference should be made to the Teachers' Superannuation Act.

a) General
The Plan is a contributory defined benefit plan covering teachers as defined in the Teachers' Superannuation Act.

b) Contributions
Under the Plan, employees and the employer make equal contributions amounting to 7.2% on that part of the salary on which Canada Pension Plan contributions are made and 9.0% on salary when Canada Pension Plan contributions are not required.

c) Retirement Benefits
A teacher who has attained age 60 and has completed at least 5 years of service or has attained age 55 and has completed 30 years of service or has completed 35 years of service is entitled to an immediate pension which is payable in equal monthly installments.

The annual amount of the pension is equal to 2% of the average of the five highest annual pensionable salaries, multiplied by the number of years of pensionable service. When the teacher reaches the age of 65 (or if he or she is 65 or over at retirement) the amount of pension described above is reduced by 0.7% of the average salary up to the average Yearly Maximum Pensionable Earnings under the Canada Pension Plan during the five year period over which the average salary has been computed, multiplied by the number of years of the teacher's pensionable service after July 1, 1972.

Reduced benefits are available at age 55 with 5 years pensionable service. The pension for a teacher who retires prior to age 60 (and who is not entitled to an unreduced pension) is calculated as described in the previous paragraph but then is reduced by 0.25% for each month by which the early retirement date precedes the teacher's earliest unreduced retirement age.

The above formula determines the amount of a teacher's initial pension at retirement. In subsequent years the amount of a teacher's pension is increased by 60% of the percentage increase in the Consumer Price Index. The increase in any one year is limited to no more than 4%.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2003

1. Description Plan (continued)

d) **Disability Pension**
A disability pension is available at any age to a teacher who retires from teaching service because of total and permanent disability who contributed to the Fund for 5 or more years.

e) **Death Benefits**
On the death of a teacher prior to completing 5 years of pensionable service, or after completing 5 years of service but leaving no surviving spouse or dependant children, the teacher's contributions accumulated with interest will be refunded. If a teacher dies prior to retirement but after completing 5 years of service, the teacher's spouse is entitled to an immediate lifetime pension equal to 60% of the accrued, unreduced pension of the teacher at the time of death. In addition to the spousal pension, an allowance equal to one quarter of the remaining 2/5 of pension which the teacher was receiving is payable in respect of each dependent child, until the child attains age 16, or until 25 if the child is attending school full-time. In no case shall payment to such children exceed 3/4 of the remaining 2/5 of pension.

f) **Termination and Portability Benefits**
In the event of termination of employment for reasons other than retirement or death, a teacher may elect to receive either:

- a refund of the teacher's own contributions with interest, or
- if the teacher has completed at least five years of service, a deferred annuity commencing when the teacher attains the age of 60.

Where there are portability arrangements between the plan and other plans, teachers may be able to carry certain pension rights to those other plans, or transfer contributions and service from those other plans to increase pension benefits under the plan.

g) **Income Tax**
The Plan is a Registered Pension Plan as defined under the Income Tax Act and is not subject to income tax.

2. Summary of Significant Accounting Policies

(a) **Basis of Presentation**
These financial statements are prepared on the going concern basis and present the aggregate financial position of the plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared to assist plan members and others in reviewing the activities of the plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of Significant Accounting Policies (continued)

(b) With the exception of real estate investments, which are valued at cost, investments are valued at market value as reported by the custodian of the Master Trust at June 30, 2003 and include the following:

	2003	2002
Cash held for investment	$ 218	$ 364,185
Province of Prince Edward Island Master Trust	266,823,547	275,639,715
	$266,823,765	$276,003,900

3. Investments

Investments of the Civil Service Superannuation Fund, MLAs' pension funds, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. As of June 30, 2003 there were 710,200.0975 units held in the Province of Prince Edward Island Master Trust, of which the Teachers' Superannuation Fund held the following:

Units held	271,843.7033
Market Value per unit	$981.533
Total market value held	$266,823,547

Investments of the Province of Prince Edward Island Master Trust at June 30, 2003 are as follows:

Canadian T-Bills	$ 8,326,979
Other liquid assets	(517,759)
Bonds, debentures and notes	242,129,373
Canadian equity securities	268,328,600
Foreign equity securities	170,172,246
Accrued income receivable	3,089,146
Real estate	5,556,200
Total	$697,084,785

The investments of $697,084,785 include amounts which the Master Trust Fund managers have invested in their own pooled funds. The June 30, 2003 market values of these related parties' investments are as follows:

Sceptre Investment Counsel Limited	$ 83,100,735
Beutel, Goodman & Company Ltd.	17,500,223
Northwater Capital Management Inc.	74,753,909
Templeton Management Limited	87,071,510
	$262,426,377

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2003

4. Obligations for Pension Benefits for Accounting Purposes

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and best estimate assumptions. The most recent Actuarial Valuation for accounting purposes prepared by Morneau Sobeco disclosed an unfunded liability as at April 1, 2002 of $153,630,000. The unfunded liability of $153,630,000 does not include an allowance for the present value of the future contributions shown in Note 5. The present value of remaining special contributions required by the Teachers' Superannuation Act as at April 1, 2002 is $21,644,985 using a discount rate of 7.9% per annum. If this present value had been considered for the actuarial valuation balance sheet, there would be a deficit of $131,985,015.

The estimated present value of accrued benefits as of June 30, 2003, the principal components of changes in present values during the fifteen month period and the estimated unfunded liability, were as follows:

Actuarial present value of accrued benefits at April 1, 2002	$440,630,000
Interest accrued on benefits	43,241,000
Benefits accrued	11,992,000
Benefits paid	(31,222,000)
Estimated present value of accrued benefits at June 30, 2003	$464,641,000
Actual net assets at June 30, 2003	267,390,000
Unfunded liability as at June 30, 2003	$197,251,000

The estimated unfunded liability of the fund of $197,251,000 does not include an allowance for the present value of the remaining special contributions. If the present value of the remaining special contributions had been considered, as of June 30, 2003, the fund would have an estimated unfunded liability of $185,796,000.

The economic assumptions used in determining the actuarial value of accrued pension benefits for accounting purposes were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

Asset rate of return	7.9 % per annum
Basic salary escalation rate (excluding promotional increases)	3.0 % per annum
Pension cost of living increases	1.4 % per annum

The Consolidated (Summary) Financial Statements of the Province record the obligation using the accounting method.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2003

5. Funding Policy

In accordance with the Teachers' Superannuation Act, employees are required to contribute as described in Note 1(b). The employer matches employee contributions to the Fund. Under Section 9 of the Teachers' Superannuation Act, payments out of the Fund are guaranteed by the Province of Prince Edward Island. The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of July 1, 2002. This valuation disclosed an unfunded liability as at July 1, 2002 of $197,384,000. As of June 30, 2003 the estimated unfunded liability for funding purposes is $227,625,420.

The Teachers' Superannuation Act was amended to reflect that the Province of Prince Edward Island shall pay $129.44 million into the Fund over a period of 10 years for the purpose of reducing the unfunded liability of the Fund. The Act was further amended in 1997 to provide for payments in accordance with the following schedule:

Date of Payment	Amount Payable to Fund
April 1, 1995	$23.60 Million
April 1, 1996	11.76 Million
March 31, 1998*	11.76 Million
April 1, 1998	11.76 Million
April 1, 1999	11.76 Million
April 1, 2000	11.76 Million
April 1, 2001	11.76 Million
April 1, 2002	11.76 Million
April 1, 2003	11.76 Million
April 1, 2004	11.76 Million

***An amount equal to the revenue that would otherwise have been earned for the period April 1, 1997 to March 31, 1998, on the contribution for the 1997-1998 fiscal year that was deferred to March 31, 1998, shall be paid in seven equal annual installments, commencing on April 1, 1998. The installment referred to above is $361,202 per year.**

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Provincial Health Services Authority

Financial Statements
March 31, 2004

ARSENAULTBESTCAMERONELLIS

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June 25, 2004

Auditors' Report

To the Board of
Provincial Health Services Authority

We have audited the statement of financial position of **Provincial Health Services Authority** as at March 31, 2004 and the statements of revenue and expenditures and unappropriated equity, revenue and expenditures and appropriated equity, cash flows and tangible capital assets for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the **Provincial Health Services Authority** as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Arsenault Best Cameron Ellis

Chartered Accountants

Provincial Health Services Authority

Statement of Financial Position

As at March 31, 2004

	2004 $	April 1, 2003 $
Assets		
Current assets		
Cash	2,187,372	1,013,835
Investments (estimated market value – $ 340,788; April 1, 2003 - $321,385)	323,784	323,784
Accounts receivable (note 2)	5,276,110	270,688
Due from Province of Prince Edward Island Department of Health and Social Services	21,413,989	11,982,633
Prepaid expenses	801,457	408,982
	30,002,712	13,999,922
Assets held in trust	16,992	18,695
Appropriated assets	81,843	84,297
	30,101,547	14,102,914
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	18,554,579	4,399,608
Accrued vacation pay and retiring allowances	10,326,668	8,507,616
Deferred revenue	1,018,810	972,544
Current portion of long-term debt	18,439	17,499
	29,918,496	13,897,267
Long-term debt, less current portion (note 3)	84,216	102,655
Assets held in trust	16,992	18,695
	30,019,704	14,018,617
Surplus		
Appropriated equity		
Restricted fund	81,843	84,297
Unappropriated equity	-	-
	81,843	84,297
	30,101,547	14,102,914

Approved by the Board of Directors

________________________ Director

Provincial Health Services Authority

Statement of Revenue and Expenditures and Unappropriated Equity

For the year ended March 31, 2004

		$
Revenue		
Contributions – P.E.I. Department of Health & Social Services	118,973,085	
Patient/client fees		
Prince County Hospital	1,327,599	
Queen Elizabeth Hospital	3,291,650	
Other income (note 2)	10,812,506	134,404,840
Expenditures		
Acute care/mental health division		
Queen Elizabeth Hospital		
Salaries and benefits	57,318,198	
Operating goods and services	28,242,079	85,560,277
Prince County Hospital		
Salaries and benefits	22,659,707	
Operating goods and services	13,049,860	35,709,567
Hillsborough Hospital		
Salaries and benefits	7,147,141	
Operating goods and services	1,848,614	8,995,755
Primary services division		
Provincial addictions services		
Salaries and benefits	3,643,528	
Operating goods and services	489,255	4,132,783
Interest on long-term debt		6,458
		134,404,840
Excess revenue for the year		-
Unappropriated equity – Beginning of year		-
Unappropriated equity – End of year		-

Provincial Health Services Authority

Statement of Revenue and Expenditures and Appropriated Equity

For the year ended March 31, 2004

	$
Restricted Fund	
Revenue	
Donations	10,960
Interest	5,092
	16,052
Expenditures	
Resident activities	18,506
Excess expenditures for the year	(2,454)
Restricted Fund equity – Beginning of year	84,297
Restricted Fund equity – End of year	81,843

Provincial Health Services Authority

Statement of Cash Flows

For the year ended March 31, 2004

	$
Cash provided by (used in)	
Operating activities	
Excess revenue (expenditures) for the year – operating fund	-
– restricted fund	(2,454)
Net change in non-cash working capital items	
– increase in accounts receivable	(5,005,422)
– increase in due from Province of P.E.I. Department of Health and Social Services	(9,431,356)
– increase in prepaid expenses	(392,475)
– increase in accounts payable and accrued liabilities	14,154,971
– increase in accrued vacation pay and retiring allowances	1,819,052
– increase in deferred revenue	46,266
	1,188,582
Financing activity	
Payment on long-term debt	(17,499)
Investing activities	
Decrease in appropriated assets	2,454
Increase in cash	1,173,537
Cash – Beginning of year	1,013,835
Cash – End of year	2,187,372

Provincial Health Services Authority

Statement of Tangible Capital Assets

March 31, 2004

	Land and Improvements $	Buildings $	Equipment $	Total $
Cost of tangible capital assets				
Opening cost	740,457	50,670,438	49,021,781	100,432,676
Additions during the year (note 4)	760,000	51,640,000	13,053,054	65,453,054
Closing cost	1,500,457	102,310,438	62,074,835	165,885,730
Accumulated amortization				
Opening accumulated amortization	86,841	27,333,283	21,586,266	49,006,390
Add: Amortization	32,918	2,594,712	3,863,323	6,490,953
Closing accumulated amortization	119,759	29,927,995	25,449,589	55,497,343
Net carrying amount of tangible capital assets	1,380,698	72,382,443	36,625,246	110,388,387

Provincial Health Services Authority

Notes to Financial Statements

March 31, 2004

1 Summary of significant accounting policies

Basis of accounting

Provincial Health Services Authority is a non-profit organization incorporated under the Health & Community Services Act of the Province of Prince Edward Island.

The financial statements of Provincial Health Services Authority are prepared in accordance with Canadian generally accepted accounting principles for the public sector, as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

Basis of presentation

In 2002, the government of Prince Edward Island amended the Health and Community Services Act to form the Provincial Health Services Authority. Effective December 8, 2002, the Provincial Health Services Authority became responsible for the financial position and operations of the Queen Elizabeth Hospital, Hillsborough Hospital, Provincial Addictions Treatment Centre and the Prince County Hospital.

The Minister of Health and Social Services has provided for the Queen Elizabeth Hospital, Hillsborough Hospital and Provincial Addictions Services to report under the Provincial Health Services Authority effective April 1, 2003.

These financial statements do not include the assets, liabilities and activities of the Authority's related organizations, Queen Elizabeth Hospital Foundation Inc., Queen Elizabeth Hospital Auxiliary Inc., Prince County Hospital Foundation Inc. and the Prince County Hospital Auxiliary.

Restricted Fund

The Hillsborough Hospital has a Memorial Fund that is subject to certain restrictions. This fund was formed for the purpose of benefiting the residents of the institution.

Interest earned on this fund has also been designated for the purpose of benefiting the residents and is included in interest income of the Restricted Fund.

Assets held in trust

Hillsborough Hospital provides a safekeeping for residents' monies, which are primarily held in a bank account separate from the operating account.

Investments

Investments are recorded at the lower of cost and quoted market value.

Provincial Health Services Authority

Notes to Financial Statements

March 31, 2004

Tangible capital assets

Capital assets are recorded at cost on the Statement of Tangible Capital Assets. Amortization of capital assets is recorded on the Statement of Tangible Capital Assets using the straight-line method at the annual rate of 10% for land improvements, 2.5% for buildings and 6.25% for equipment.

Capital assets purchased in the year are expensed on the Statement of Revenue and Expenditures and Unappropriated Equity.

Some of the services provided through the Provincial Health Services Authority are located in properties owned directly or indirectly by the Province of Prince Edward Island. Agreement has been reached with the Province for the Authority to use these properties at no rental charge.

Vacation pay and retirement allowances

Vacation pay is recorded as a liability when earned. Retirement allowances are recorded as a liability when an employee meets the eligibility criteria.

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Fair value of financial instruments

The financial instruments of the Provincial Health Services Authority include investments, accounts receivable, due from Province of Prince Edward Island Department of Health and Social Services, assets held in trust, appropriated assets, accounts payable and accrued liabilities, accrued vacation pay and retiring allowances, and long-term debt.

The Authority has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

2 Related party transactions

Accounts receivable includes $623,835 from the Queen Elizabeth Hospital Foundation Inc. and $1,062,910 from the Prince County Hospital Foundation Inc. for equipment and other purchases.

Other income includes donations from the Queen Elizabeth Hospital Foundation Inc. of $1,652,546 for equipment purchases at the Queen Elizabeth Hospital and $6,811,178 in donations from the Prince County Hospital Foundation Inc. for equipment purchases at the Prince County Hospital. These purchases are included in expenditures under operating goods and services for the respective hospitals.

Provincial Health Services Authority

Notes to Financial Statements
March 31, 2004

3 Long-term debt

	March 31, 2004 $	April 1, 2003 $
5 3/8% Municipal Development Loan Board debenture, due 2008, payable in annual instalments of $23,957 including principal and interest	102,655	120,154
Less: current portion	18,439	17,499
	84,216	102,655

The annual principal payments required over the next five years to meet retirement obligations are as follows:

	$
Year ending March 31, 2005	18,439
2006	19,430
2007	20,475
2008	21,575
2009	22,736

Funds are provided annually by the Province of Prince Edward Island Department of Health and Social Services for the above repayments.

4 Tangible capital assets

Included in tangible capital assets is $56,000,000 in assets transferred from the Department of Health and Social Services. These assets include land, land improvements, building and equipment of $47,500,000 for the new Prince County Hospital, and $8,500,000 in land improvements, building and equipment for the P.E.I. Cancer Treatment Centre and the addition of MRI services at the Queen Elizabeth Hospital.

5 Pension plans

Employees of Provincial Health Services Authority belong to one of two pension plans, the Uniform Pension Plan for Employees of Prince Edward Island Health and Community Services System or the Province of Prince Edward Island Civil Service Superannuation Fund. The health pension plan is a defined benefit pension plan for basic pension contributions and a defined contribution pension plan for supplementary pension contributions. According to the most recent actuarial report dated January 1, 2003 for the defined benefit pension plan, the actuarial liability, on a going-concern basis, exceeds the actuarial value of assets and a pension fund deficit existed at that date. The civil service pension plan is the defined benefit pension plan of the Province of Prince Edward Island. The assets and liabilities, and the income and expenses generated by these pension plans are not reflected in these financial statements as the assets are not owned by, nor are the liabilities the responsibility of, the Provincial Health Services Authority.

Provincial Health Services Authority

Notes to Financial Statements

March 31, 2004

6 Comparative figures

Comparative figures for prior year's information are not included in the financial statements due to the financial information being audited and reported on by other entities as outlined in note 1 to the financial statements. The Statement of Financial Position discloses comparative information as of April 1, 2003, which were subject to an external audit under the Provincial Health Services Authority.

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Queens Health Region

Financial Statements
March 31, 2004

ARSENAULTBESTCAMERONELLIS
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June 11, 2004

Auditors' Report

To the Members of
Queens Health Region

We have audited the statement of financial position of **Queens Health Region** as at March 31, 2004 and the statements of revenue and expenditures and unappropriated equity, revenue and expenditures and appropriated equity, cash flows and tangible capital assets for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Queens Health Region as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Arsenault Best Cameron Ellis

Chartered Accountants

Queens Health Region

Statement of Financial Position

As at March 31, 2004

	2004 $	2003 $
Assets		
Current assets		
Cash	-	3,793,102
Accounts receivable	1,463,821	5,384,845
Due from Province of Prince Edward Island Department of Health and Social Services	8,727,533	14,681,410
Prepaid expenses	1,270,598	1,404,267
	11,461,952	25,263,624
Assets held in trust	36,440	63,216
Appropriated assets	90,389	165,341
	11,588,781	25,492,181
Liabilities		
Current liabilities		
Bank advances	14,063	-
Accounts payable and accrued liabilities	6,174,212	10,625,736
Accrued vacation pay and retiring allowances	4,285,667	10,798,720
Deferred revenue	988,010	3,839,168
	11,461,952	25,263,624
Assets held in trust	36,440	63,216
	11,498,392	25,326,840
Surplus		
Appropriated equity		
Restricted Fund	90,389	165,341
Unappropriated equity	-	-
	90,389	165,341
	11,588,781	25,492,181

Approved by the Board of Directors

Douglas MacDonald Director

Judy Gillis Director

Queens Health Region

Statement of Revenue and Expenditures and Unappropriated Equity

For the year ended March 31, 2004

			2004	2003
	Regional Programs $	**Assigned Programs** $	**Total** $	**Total** $
Revenue				
Contributions – P.E.I. Department of Health & Social Services	73,593,549	21,578,656	95,172,205	168,530,477
Patient/client fees	-	-	-	2,731,912
Other income	194,371	-	194,371	2,937,463
	73,787,920	21,578,656	95,366,576	174,199,852
Expenditures				
Acute care/mental health division				
Queen Elizabeth Hospital (note 2)	-	-	-	75,867,721
Hillsborough Hospital	-	-	-	7,921,303
Primary services division				
Addiction services	-	-	-	3,647,235
Public health nursing	1,879,880	-	1,879,880	1,551,795
Primary services programs	1,147,000	-	1,147,000	1,196,586
Community mental health	3,222,562	-	3,222,562	2,404,772
Family health centres	1,324,288	-	1,324,288	775,887
Child and family services division	8,319,040	-	8,319,040	7,741,987
Social support division				
Income support program	20,201,611	-	20,201,611	19,480,227
Disability support program	3,432,074	-	3,432,074	2,939,217
Job creation program	1,432,492	-	1,432,492	1,189,848
Housing	1,990,052	-	1,990,052	1,863,686
Funding to non-government organizations	3,094,474	-	3,094,474	2,935,400
Continuing care division	26,518,988	-	26,518,988	23,907,162
Administration	1,225,459	-	1,225,459	1,118,086
Assigned programs				
Dental public health	-	2,702,956	2,702,956	2,490,125
Provincial pharmacy	-	18,875,700	18,875,700	17,168,815
	73,787,920	21,578,656	95,366,576	174,199,852
Excess revenue for the year	-	-	-	-
Unappropriated equity – Beginning of year			-	-
Unappropriated equity – End of year			-	-

Queens Health Region

Statement of Revenue and Expenditures and Appropriated Equity

For the year ended March 31, 2004

	2004 $	2003 $
Restricted Fund		
Revenue		
Donations	59,854	54,639
Interest	1,818	1,827
	61,672	56,466
Expenditures		
Resident activities	52,328	68,547
Excess revenue (expenditures) for the year	9,344	(12,081)
Restricted Fund equity – Beginning of year	165,341	177,422
Transfer to Provincial Health Services Authority	(84,296)	-
	81,045	177,422
Restricted Fund equity – End of year	90,389	165,341

Queens Health Region

Statement of Cash Flows

For the year ended March 31, 2004

	2004 $	2003 $
Cash provided by (used in)		
Operating activities		
Excess revenue (expenditures) for the year – operating fund	-	-
– restricted fund	9,344	(12,081)
Net change in non-cash working capital items		
– decrease in accounts receivable	3,921,024	4,937
– decrease (increase) in due from Province of P.E.I. Department of Health and Social Services	5,953,877	(1,757,613)
– decrease in prepaid expenses	133,668	604,717
– increase (decrease) in accounts payable and accrued liabilities	(4,451,524)	1,922,451
– increase (decrease) in accrued vacation pay and retiring allowances	(6,513,053)	1,697,658
– increase (decrease) in deferred revenue	(2,851,157)	3,246,847
	(3,797,821)	5,706,916
Investing activities		
Decrease in appropriated assets	74,952	12,081
Transfer to Provincial Health Services Authority	(84,296)	-
	(9,344)	12,081
Increase (decrease) in cash	(3,807,165)	5,718,997
Cash (bank advances) – Beginning of year	3,793,102	(1,925,895)
Cash (bank advances) – End of year	(14,063)	3,793,102

Queens Health Region

Statement of Tangible Capital Assets

For the year ended March 31, 2004

				2004	2003
	Land and Improvements **$**	**Buildings** **$**	**Equipment** **$**	**Total** **$**	**Total** **$**
Cost of tangible capital assets					
Opening cost	554,007	44,641,977	37,765,265	82,961,249	78,624,764
Transfer to Provincial Health Services Authority	(554,007)	(44,597,391)	(35,898,403)	(81,049,801)	-
	-	44,586	1,866,862	1,911,448	78,624,764
Additions (disposals) during the year	-	(44,586)	572,017	527,431	4,336,485
Closing cost	-	-	2,438,879	2,438,879	82,961,249
Accumulated amortization					
Opening accumulated amortization	29,175	22,644,343	15,839,427	38,512,945	36,091,474
Transfer to Provincial Health Services Authority	(29,175)	(22,620,013)	(15,285,032)	(37,934,220)	-
	-	24,330	554,395	578,725	36,091,474
Add: Amortization (disposals)	-	(24,330)	151,628	127,298	2,421,471
Closing accumulated amortization	-	-	706,023	706,023	38,512,945
Net carrying amount of tangible capital assets	-	-	1,732,856	1,732,856	44,448,304

Queens Health Region
Notes to Financial Statements
March 31, 2004

1 Summary of significant accounting policies

Basis of accounting

Queens Health Region is a non-profit organization incorporated under the Health and Community Services Act, Part III. The Queens Health Region is a registered charity under the Income Tax Act.

The financial statements of Queens Health Region are prepared in accordance with Canadian generally accepted accounting principles for the public sector, as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. The financial results are included in the Public Accounts of the Province of Prince Edward Island.

Basis of presentation

In 2002, the government of Prince Edward Island amended the Health and Community Services Act to form the Provincial Health Services Authority (PHSA). Effective December 8, 2002, the PHSA became responsible for the financial position and operations of the Queen Elizabeth Hospital, Hillsborough Hospital, Addiction Services and the Prince County Hospital.

The Minister of Health and Social Services has provided for the Queen Elizabeth Hospital, Hillsborough Hospital and Addiction Services to report under the PHSA effective April 1, 2003.

During the year, Queens Health Region operated four divisions: primary services, child and family services, social support and continuing care, along with assigned programs from the Prince Edward Island Department of Health & Social Services.

Included in the primary services division are the following services:

- Public health nursing
- Speech program
- Audiology program
- Community mental health
- Family health centres

Included in the social support division are the following services:

- Income support programs
- Disability support program
- Job creation program
- Housing
- Funding to non-government organizations

Queens Health Region
Notes to Financial Statements
March 31, 2004

Included in the continuing care division are the following services:

- Beach Grove Home
- Prince Edward Home
- Contributions to private nursing homes
- Home care and support
- Sherwood Home

Included in assigned programs are the following services:

- Dental public health
- Provincial pharmacy

Restricted Fund

Several institutions in Queens Health Region have funds that are subject to certain restrictions. All such funds were formed for the purpose of benefiting the residents of the institutions.

The following funds are included in the Restricted Fund on the financial statements:

- Beach Grove Home Memorial fund
- Prince Edward Home Memorial fund
- Prince Edward Island Palliative Care fund

Interest earned on these funds has also been designated for the purpose of benefiting the residents and is included in interest income of the Restricted Fund.

Financial support overpayments

Financial support overpayments are recorded as receivable when identified, with a full provision as a doubtful account. Recoveries of financial support overpayments are recorded as a reduction to financial support expenditures when received.

Assets held in trust

Certain institutions provide a safekeeping for residents' monies, which are primarily held in bank accounts.

Tangible capital assets

Capital assets are recorded at cost on the Statement of Tangible Capital Assets. Amortization of capital assets is recorded on the Statement of Tangible Capital Assets using the straight-line method at the annual rate of 6.25% for equipment.

Capital assets purchased in the year are expensed on the Statement of Revenue and Expenditures and Unappropriated Equity.

Queens Health Region

Notes to Financial Statements
March 31, 2004

Many of the services provided through the Queens Health Region are located in properties owned directly or indirectly by the Province of Prince Edward Island. Agreement has been reached with the Province for the Region to use these properties at no rental charge.

The transfer of tangible capital assets to the Provincial Health Services Authority April 1, 2004 was recorded at book value.

Vacation pay and retirement allowances

Vacation pay is recorded as a liability when earned. Retirement allowances are recorded as a liability when an employee meets the eligibility criteria.

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Fair value of financial instruments

The financial instruments of the Queens Health Region include accounts receivable, due from Province of Prince Edward Island Department of Health and Social Services, assets held in trust, appropriated assets, accounts payable and accrued liabilities, and accrued vacation pay and retiring allowances.

The Region has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

2 Pension plans

Employees of Queens Health Region belong to one of two pension plans, the Uniform Pension Plan for Employees of Prince Edward Island Health and Community Services System or the Province of Prince Edward Island Civil Service Superannuation Fund. The health pension plan is a defined benefit pension plan for basic pension contributions and a defined contribution pension plan for supplementary pension contributions. According to the most recent actuarial report dated January 1, 2003, employer contributions to the pension plan are not sufficient to meet the requirements of the plan and a pension fund deficit existed at that date. The civil service pension plan is the defined benefit pension plan of the Province of Prince Edward Island. For employees belonging to this plan, the employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of Prince Edward Island. These pension plans are not reflected in these financial statements.

Queens Health Region

Schedule of Expenditures by Type

For the year ended March 31, 2004

Schedule

			2004
	Salaries and Benefits $	**Operating Goods and Services** $	**Total** $
Expenditures			
Acute care/mental health division	-	-	-
Primary services division	6,640,372	933,358	7,573,730
Child and family services division	5,470,130	2,848,910	8,319,040
Social support division	4,264,841	25,885,863	30,150,704
Continuing care division	18,138,076	8,380,911	26,518,987
Administration	705,287	520,172	1,225,459
Assigned programs	2,324,519	19,254,137	21,578,656
Total expenditures	37,543,225	57,823,351	95,366,576

			2003
	Salaries and Benefits $	**Operating Goods and Services** $	**Total** $
Expenditures			
Acute care/mental health division	57,958,501	25,830,523	83,789,024
Primary services division	8,398,604	1,177,671	9,576,275
Child and family services division	4,900,409	2,841,578	7,741,987
Social support division	3,289,166	25,119,212	28,408,378
Continuing care division	16,387,618	7,519,544	23,907,162
Administration	661,526	456,560	1,118,086
Assigned programs	1,716,907	17,942,033	19,658,940
Total expenditures	93,312,731	80,887,121	174,199,852

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SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2004

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AUDITOR'S REPORT

To the Shareholders of Summerside Regional Development Corporation Ltd.

We have audited the consolidated balance sheet of Summerside Regional Development Corporation Ltd. as at March 31, 2004 and the consolidated statements of income and deficit and cash flow for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Arsenault & McSweeney

SUMMERSIDE, P.E.I.

June 16, 2004

CHARTERED ACCOUNTANTS

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
CONSOLIDATED BALANCE SHEET
MARCH 31, 2004

	2004	2003
ASSETS		
Cash and deposits	$ 446,853	$ 621,312
Accounts receivable (Note 3)	567,445	491,207
Prepaid expenses	35,801	39,666
Leasehold allowances and deferred renovations (Note 4)	648,174	766,864
Properties and equipment (Note 5)	7,696,628	10,383,246
	$ 9,394,901	$12,302,295
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accruals	$ 397,483	$ 217,010
Deferred income	21,166	34,395
Mortgages, debentures and other debt (Note 7)	6,663,399	6,919,091
Deferred capital grants (Note 2) (a)	1,226,655	3,509,293
	8,308,703	10,679,789
Shareholders' equity		
Capital stock (Note 8)	3,475	3,475
Contributed surplus	2,560,945	2,560,945
Deficit	(1,478,222)	(941,914)
	1,086,198	1,622,506
	$ 9,394,901	$12,302,295

On behalf of the Board

______________________ Director

______________________ Director

The accompanying notes are an integral part of these financial statements

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
CONSOLIDATED STATEMENT OF INCOME AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
Income		
Property income	$ 1,959,587	$2,240,004
Other - interest	17,418	14,090
	1,977,005	2,254,094
Expenses		
Property operating expenses	804,987	1,114,797
Property taxes	261,235	280,109
Depreciation (net of amortization of deferred capital grants)	372,195	372,171
Amortization of leasehold allowances and deferred renovations	118,690	43,669
General and administration	413,531	419,002
Promotion and development	5,632	(220)
Interest on long-term debt	362,663	346,470
Contributions to Jubilee Theatre	50,000	-
	2,388,933	2,575,998
Net loss before extraordinary item	(411,928)	(321,904)
Extraordinary item		
Contribution to Regional Cultural/Event Centre Inc. (Note 10)	(124,380)	-
	(536,308)	(321,904)
Deficit, beginning of year	(941,914)	(620,010)
Deficit, end of year	$(1,478,222)	$ (941,914)

The accompanying notes are an integral part of these financial statements

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
Operating activities		
Cash received from customers	$ 1,870,121	$2,210,028
Cash paid to suppliers and employees	(1,351,047)	(1,835,228)
Interest earned	17,418	14,090
Interest paid	(362,663)	(346,470)
	173,829	42,420
Financing activities		
Proceeds from long-term debt	-	405,474
Repayment of long-term debt	(255,692)	(227,970)
	(255,692)	177,504
Investing activities		
Additions to properties and equipment	(313,580)	(271,831)
Increase in leasehold allowances	-	(53,701)
Increase in deferred capital grants	220,984	2,371
	(92,596)	(323,161)
Decrease in cash	(174,459)	(103,237)
Cash and deposits, beginning of year	621,312	724,549
Cash and deposits, end of year	$ 446,853	$ 621,312

The accompanying notes are an integral part of these financial statements

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

1. Principles of Consolidation

The consolidated financial statements include the financial statement of the company and the following wholly-owned subsidiary:

Summerside Cultural Development Corporation Ltd. (SCDC)

The purchase method has been used to account for all acquisitions.

Effective April 1, 2003, SCDC ceased operations. Property and equipment were transferred to Regional Cultural/Event Centre Inc. for $1 and the loss on the transfer was recorded as a contribution. The remaining assets less liabilities were realized and the proceeds were used to pay down SCDC debt to the company. The remaining debt from SCDC of $968,769 and the investment of $200 were written down to nil and recorded as an extraordinary loss of $968,969 in the unconsolidated financial statements.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada. Outlined below are those policies considered particularly significant for the company.

(a) Depreciation and Amortization

The straight-line method of depreciation is being used for all assets at rates based on the estimated useful lives of the assets.

Government assistance received prior to March 31, 1976 on properties and equipment is treated as contributed surplus. Government assistance and foundation grants received for properties and equipment additions subsequent to March 31, 1976 are treated as deferred capital grants and are amortized to revenue on the same basis as depreciation is computed on the assets to which they apply. In all instances assets are reflected at full cost with no reduction for grants.

(b) Income and Expenses
Revenues and expenses are recorded using the accrual basis of accounting.

(c) Leasehold Allowances
Leasehold allowances given to tenants are amortized to earnings over the term of the lease to which they relate.

(d) Corporation Status
The corporation and its subsidiary are non-taxable entities under the provisions of the Income Tax Act.

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
3. Accounts Receivable		
Tenants	$ 223,554	$ 187,017
Atlantic Canada Opportunities Agency	125,951	-
Regional Cultural/Event Centre Inc.	117,752	-
Other	100,188	304,190
	$ 567,445	$ 491,207

4. Leasehold Allowances and Deferred Renovations

	2004			2003
	Cost	Accumulated Amortization	Net	Net
Deferred charges for tenant improvements	$1,668,000	$ 1,019,826	$ 648,174	$ 766,864

5. Properties and Equipment

	2004			2003
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Waterfront Properties				
Waterfront Shopping Centre	$ 7,508,961	$ 3,908,128	$ 3,600,833	$ 3,910,725
120 Harbour Drive	2,589,462	1,515,190	1,074,272	1,172,989
109 Water Street	757,307	370,217	387,090	401,740
Spinnakers' Landing	1,930,227	892,183	1,038,044	820,858
Jubilee Theatre	-	-	-	2,490,183
Main Site Services and Seawall	749,265	561,284	187,981	191,050
Furniture and equipment	215,204	173,924	41,280	52,555
Other property held for development	1,367,127	-	1,367,127	1,343,145
Yacht Club & Marina	1	-	1	1
	$15,117,554	$ 7,420,926	$ 7,696,628	$10,383,246

The estimated useful lives used to calculate depreciation on the above capital assets ar as follows:

Buildings	20,25 and 40 years
Pavement	10 years
Equipment	3,4,5,7,10,15,20,25 and 40 years
Main site service	90 years
Seawall	25 years

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

6. Long-term Lease

In 1982 the assets of the Yacht Club and Marina had been transferred to the Silver Fox Curling and Yacht Club under the terms of a 54 year lease agreement. The balance of the debt on these has been retained by Summerside Regional Development Corporation Ltd. and is to be repaid from funds derived from the remaining assets of the Corporation. A subsequent agreement had been reached in 1993 which defers any rental charges for the property.

7. Mortgages, Debentures and Other Debt

	2004	2003
Banker's Acceptance Loan, TD Canada Trust, secured by a general security agreement.	**$3,000,000**	$3,000,000
6.5% term loan, TD Canada Trust, due 2014, repayable in monthly installments of $21,600 including principal and interest, secured by a general security agreement.	**1,927,999**	2,059,948
6.4% term loan, TD Canada Trust, due 2013, repayable in monthly installments of $8,610 including principal and interest, secured by a general security agreement.	**722,814**	778,407
8% first mortgage, Province of Prince Edward Island, due January 15, 2005. Interest is repayable in three annual installments of $36,000 commencing January 15, 2003. The mortgage is secured by the office building at 120 Harbour Drive.	**450,000**	450,000
6.85% term loan TD Canada Trust due 2008, repayable in monthly installments of $1,881 including principal and interest, secured by a general security agreement.	**201,986**	210,518
6.75% term loan TD Canada Trust due 2007, repayable in monthly installments of $1,839 including principal and interest, secured by a general security agreement.	**146,026**	157,907
Demand loan, TD Canada Trust, interest at prime	**69,000**	69,000
7.25% term loan, TD Canada Trust, due 2005, repayable in monthly installments of $971 including principal and interest, secured by a general security agreement.	**78,217**	84,022

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
7. Mortgages, Debentures and Other Debt (continued)		
Marina Centre serial debenture payable, Province of Prince Edward Island, due 2005, repayable in annual installments of $20,875 including interest at 8% per annum.	19,328	37,224
6.85% term loan, TD Canada Trust due 2008, repayable in monthly installments of $452 including principal and interest, secured by a general security agreement	29,813	33,093
Marina Centre and site reclamation serial debenture payable, Province of Prince Edward Island, due 2006, repayable in annual installments of $10,215 including interest at 8% per annum.	18,216	26,326
6.5% term loan, TD Canada Trust, due 2003, repayable in monthly installments of $1,752 including principal and interest, secured by a general security agreement.	-	12,646
	$6,663,399	$6,919,091

TD Canada Trust General Security Agreement

As security the TD Canada Trust holds a collateral mortgage on the Waterfront Shopping Centre, 120 Harbour Drive office building and 109 Water Street office building, assignment of insurance and a general assignment of book debts and rents.

8. Capital Stock

	2004	2003
Authorized		
100,000 common shares without par value.		
Issued		
99,993 common shares	$ 3,475	$ 3,475

9. Contingencies

Legal proceedings have been filed which may result in further claims against the company for incidents which arose in the ordinary course of business. The results of the legal proceedings are not currently determinable. In the opinion of management, they will involve amounts that would not have a material adverse effect on the consolidated position of the company.

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

10. Contribution to Regional Cultural/Event Centre Inc.

On April 1, 2003 the company's subsidiary, Summerside Cultural Development Corporation Ltd (SCDC) transferred its property and equipment to the Regional Cultural Event/Centre Inc. for $1. The net book value of the assets less the related deferred capital grants has been recorded as a contribution to Regional Cultural/Event Centre Inc. The contribution was calculated as follows:

Jubilee Theatre	
Land	$ 100,000
Property and equipment, cost	3,390,734
Property and equipment, accumulated depreciation	(900,551)
Net book value of assets	2,590,183
Less related deferred capital grants	(2,465,803)
Net contribution	$ 124,380

11. Commitment

Summerside Regional Development Corporation Ltd. has signed an agreement with the Province of PEI and the City of Summerside to subsidize the operating deficit of Regional Cultural/Event Centre Inc. up to $200,000 annually. The company's share is 25% or up to $50,000 each year.

12. Comparative Figures

Certain figures presented for comparative purposes have been reclassified to conform with the current year's presentation.

The comparative figures for 2003 include the revenue, expenses, assets and liabilities of the company subsidiary, Summerside Cultural Development Corporation Ltd. As of April 1, 2003, as explained in notes 1 and 10, Summerside Cultural Development Corporation Ltd. did not operate the Jubilee Theatre. The only transaction was the transfer of property and equipment to Regional Cultural/Event Centre Inc.

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Tourism PEI

Consolidated Financial Statements
March 31, 2004

ARSENAULTBESTCAMERONELLIS
CHARTERED ACCOUNTANTS

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PO Box 455
Charlottetown, Prince Edward Island
Canada C1A 7L1
Telephone (902) 368-3100
Fax (902) 566-5074

April 30, 2004

Auditors' Report

To the Minister of Tourism

We have audited the consolidated balance sheet of **Tourism PEI** as at March 31, 2004 and the consolidated statements of earnings, deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

Tourism PEI

Consolidated Balance Sheet

As at March 31, 2004

	2004 $	2003 $
Assets		
Current assets		
Cash	238,041	839,330
Accounts receivable (note 7)	962,311	618,638
Due from the Province of Prince Edward Island (note 4)	375,772	-
Inventory	218,187	162,235
Prepaid expenses	18,795	16,968
	1,813,106	1,637,171
Property and equipment (notes 3, 7 and 9)	8,399,567	8,510,558
	10,212,673	10,147,729
Liabilities		
Current liabilities		
Bank advances	695,391	-
Accounts payable and accrued liabilities (note 7)	1,851,825	1,629,929
Due to the Province of Prince Edward Island (note 4)	-	233,716
Promissory note (note 5)	600,000	650,000
Current portion of long-term debt	646,553	768,833
	3,793,769	3,282,478
Long-term debt, less current portion (note 6)	6,877,242	7,032,295
	10,671,011	10,314,773
Deficiency		
Deficit	458,338	167,044
	10,212,673	10,147,729

Approved by the Corporation

Minister

Tourism PEI

Consolidated Statement of Deficit

For the year ended March 31, 2004

	2004 $	2003 $
Deficit – Beginning of year	(167,044)	(82,784)
Excess expenses for the year	(291,294)	(84,260)
Deficit – End of year	(458,338)	(167,044)

Tourism PEI

Consolidated Statement of Earnings

For the year ended March 31, 2004

	2004		2003
	Budget (unaudited) $	**Actual $**	**Actual $**
Revenue			
Grants from Province of Prince Edward Island	10,353,500	10,757,135	9,789,630
Tourism Marketing Authority	2,700,400	2,766,424	3,715,433
Brookvale Ski Park	220,000	266,102	286,946
Provincial Parks	924,400	962,075	928,107
Visitor Services	130,000	153,190	158,113
Licensing fees	-	133,305	128,980
Interest and miscellaneous	-	469	748
Golf Links operations	5,863,000	5,586,384	5,614,395
	20,191,300	20,625,084	20,622,352
Expenses			
Administration	949,900	896,812	819,347
Tourism Marketing Authority	6,083,500	6,154,034	6,825,878
Brookvale Ski Park	409,000	425,885	418,283
Provincial Parks	2,609,900	2,854,827	2,542,229
Visitor Services	634,300	621,764	612,847
Tourism Development	1,585,400	1,763,069	1,690,733
Tourism Marketing	1,787,200	2,106,471	1,844,718
Research	190,200	136,938	175,967
French Services	78,900	78,900	77,955
Golf Links operations	5,256,900	5,244,660	5,013,289
Amortization – Golf Links	606,100	633,018	685,366
	20,191,300	20,916,378	20,706,612
Excess expenses for the year	-	(291,294)	(84,260)

Tourism PEI

Consolidated Statement of Cash Flows

For the year ended March 31, 2004

	2004 $	2003 $
Cash provided by (used in)		
Operating activities		
Excess expenses for the year	(291,294)	(84,260)
Items not affecting working capital		
Amortization of property and equipment	633,018	685,366
	341,724	601,106
Net change in non-cash working capital items		
– decrease (increase) in accounts receivable	(343,673)	538,627
– increase in inventory	(55,952)	(46,213)
– decrease (increase) in prepaid expenses	(1,827)	26,142
– increase (decrease) in accounts payable and accrued liabilities	221,896	(218,668)
– change in due to (from) the Province of P.E.I.	(609,488)	(963,349)
	(447,320)	(62,355)
Financing activities		
Decrease in promissory note	(50,000)	(150,000)
Proceeds on long-term debt	526,500	547,500
Repayment of long-term debt	(803,833)	(751,665)
	(327,333)	(354,165)
Investing activity		
Purchase of property and equipment	(522,027)	(547,877)
Decrease in cash	(1,296,680)	(964,397)
Net cash – Beginning of year	839,330	1,803,727
Net cash – End of year	(457,350)	839,330
Net cash consists of		
Cash	238,041	839,330
Bank advances	(695,391)	-
	(457,350)	839,330

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2004

1 Basis of presentation

Consolidation

These financial statements include the operations of Tourism PEI and its wholly-owned subsidiary, Golf Links Prince Edward Island Inc.

Status of the corporation

Tourism PEI became a Crown corporation, effective March 31, 1999, under the Tourism PEI Act passed by the Government of Prince Edward Island on June 8, 1999. The objectives of Tourism PEI are to carry out tourism related activities of the Province of Prince Edward Island.

The objectives of Golf Links Prince Edward Island Inc. are to maintain and operate the provincially owned golf courses.

The financial results of the corporation are included in the public accounts of the Province of Prince Edward Island.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies used in the preparation of these financial statements.

Inventory

Inventory is valued at the lower of cost, determined using the average cost method, and market. Market is defined as net realizable value.

Property and equipment

Tourism PEI expenses property and equipment in the period purchased except for real property acquired by the company which is recorded as an asset.

Golf Links Prince Edward Island Inc. records at cost property and equipment having a useful life of greater than one year as an asset in the period purchased.

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2004

Amortization

Amortization is calculated using the straight-line method at the annual rates as indicated in note 3. In the current year, Golf Links Prince Edward Island Inc. revised the estimated useful life of power cars from five years to seven years, which reduced the amortization rate from 20% to 14.3% per year. One-half the normal annual rate of amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal.

Capital costs related to the construction of the playing areas of the Dundarave Golf Course are not amortized.

Due to (from) the Province of Prince Edward Island

Current operations

Excess revenue (expenses) for the year for Tourism PEI is recorded as a reduction (increase) in Grants – Province of Prince Edward Island and as an amount due to (from) the Province of Prince Edward Island. Golf Links Prince Edward Island Inc. records excess revenue (expenses) as an increase (decrease) in retained earnings (deficit).

Revenue recognition and government assistance

Grants from the Province of Prince Edward Island are recorded as revenue when received. Revenue from Tourism Marketing Authority activities is recorded when billed and revenue from park operations, services, sales, rental fees and Golf Links Prince Edward Island Inc. operations is recorded when earned. Excess revenue (expenses) for the year for the Tourism PEI entity is recorded as a reduction (increase) in Grants – Province of Prince Edward Island and as an amount due from (to) the Province of Prince Edward Island.

Government grants funded by the federal government or a federal-provincial cost-shared agreement, received related to operations, are recorded as revenue in the period in which the related expenses are recorded. Unexpended amounts as at the year end are recorded as deferred revenue. During the year, the Tourism Marketing Authority received federal government grants totalling $1,007,000 (2003 – $1,282,032).

Federal and provincial government grants related to property and equipment are recorded as a reduction in the cost the related assets in the period purchased. Unexpended amounts as at the year end are recorded as an accrued liability.

Expenses are recorded in the period in which the related goods and services are consumed except for Tourism Marketing Authority and program grants included in Tourism Development and Tourism Marketing expenses. Tourism Marketing Authority expenditures are recorded in the period the goods and services are acquired and a liability incurred. Program grant expenditures are recorded in the period in which the funds are approved for disbursement.

Tourism PEI

Notes to Consolidated Financial Statements
March 31, 2004

Vacation pay and pension liabilities

The staff of Tourism PEI and Golf Links Prince Edward Island Inc. are employees of the Province of Prince Edward Island. Direct costs for employees of the Province of Prince Edward Island allocated to Tourism PEI and Golf Links Prince Edward Island Inc. are charged to the company on a per-payroll basis. Since the staff are employees of the Province, accrued vacation pay and pension obligations are liabilities of the Province and not the corporation and no liability for these costs has been accrued by the corporation as at March 31, 2004.

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period.

Fair value of financial instruments

The Corporation has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

3 Property and equipment

				2004	2003
	Amortization Rate %	Cost $	Accumulated amortization $	Net $	Net $
Land and buildings – Mill River Fun Park (note 9)		1	-	1	1
Dundarave golf course		6,122,211	-	6,122,211	6,122,211
Land improvements and paving	10 - 20	392,878	115,068	277,810	282,669
Computer equipment and software	20	182,147	101,679	80,468	54,306
Power cars	14.3	1,144,848	839,356	305,492	240,155
Rental equipment	20	46,605	17,893	28,712	13,367
Equipment	10 - 20	2,582,430	1,417,157	1,165,273	1,375,556
Vehicles	20	75,513	61,944	13,569	28,671
Buildings	10	532,563	126,532	406,031	393,622
		11,079,196	2,679,629	8,399,567	8,510,558

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2004

4 Due to (from) the Province of Prince Edward Island

	2004 $	2003 $
Current operations		
Excess revenue (expenses) for the year – Tourism PEI	(375,772)	233,716

5 Promissory note

The promissory note, due April 2004, bears interest at 2.38% and is repayable to the Department of Provincial Treasury of Prince Edward Island. The note is unsecured.

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2004

6 Long-term debt

	2004 $	2003 $
6.73% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2005, repayable $35,000 annually plus interest	35,000	70,000
6.63% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2005, repayable $65,000 annually plus interest	65,000	130,000
6.19% loan from the Department of Provincial Treasury of Prince Edward Island, due December 7, 2005, repayable $615,312 annually including interest	6,359,595	6,568,328
5.72% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2006, repayable $74,600 annually plus interest	149,200	223,800
5.93% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2006, repayable $50,000 annually plus interest	100,000	150,000
5.67% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2007, repayable $45,000 annually plus interest	135,000	180,000
4.84% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2007, repayable $64,500 annually plus interest	193,500	258,000
4.84% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2007, repayable $65,300 annually plus interest	326,500	-
4.35% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2008, repayable $40,000 annually plus interest	160,000	-
6.85% loan from the Department of Provincial Treasury of Prince Edward Island, repaid during the year	-	221,000
	7,523,795	7,801,128
Less: current portion	646,553	768,833
	6,877,242	7,032,295

The long-term debt is unsecured.

Tourism PEI
Notes to Consolidated Financial Statements
March 31, 2004

The aggregate amount of principal payments required over the next five years, assuming existing debt is refinanced at similar rates, to meet retirement provisions are as follows:

	$
Year ending March 31, 2005	646,553
2006	560,273
2007	450,243
2008	414,214
2009	347,143

7 Related party transactions

Tourism PEI utilizes the provincial parks, including Brookvale Ski Park, the provincial day parks and the full service campgrounds, as well as the Visitor Information Centres in carrying out its mandate. Tourism PEI has paid nil consideration for utilizing these facilities.

Golf Links Prince Edward Island Inc. rents three provincial golf courses from the Province of Prince Edward Island for nil consideration.

During the 1999 year, the Province of Prince Edward Island transferred property and equipment utilized in maintenance and operation of the three provincial golf courses to Golf Links Prince Edward Island Inc. In accordance with the terms of the transfer, the exchange and carrying amounts of the property and equipment was established as $1.

Included in accounts receivable is an amount of $2,622 (2003 – nil) due from a provincial Crown corporation, an amount of $187,530 (2003 – nil) due from departments of the Province of Prince Edward Island. Included in accounts payable and accrued liabilities is $7,905 (2003 – $31,326) due to a department of the Province of Prince Edward Island.

During the year, both companies paid a total of $511,093 (2003 – $522,103) in interest to the Department of Provincial Treasury of Prince Edward Island. Included in this total is $486,840 (2003 – $509,667) of interest on long-term debt related to the loans issued by the Department of Provincial Treasury as disclosed in note 6.

During the 2002 fiscal year, Golf Links Prince Edward Island Inc. received $39,100 from the Province's Golf Insurance Program to cover storm damage at the provincial golf courses which occurred after the operating season. In addition, the company received $7,892 during the 2002 year from Environmental Industrial Services Inc., a provincial Crown corporation, to cover the cost of repairing damages occurring at one of the courses. During the 2003 fiscal year, the company recorded $20,856 of these proceeds as a cost recovery reducing maintenance and repairs expense.

During the year, the companies utilized office premises of a department of the Province of Prince Edward Island for nil consideration.

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2004

8 Commitments

The minimum annual lease payments required over the next five years by Golf Links Prince Edward Island Inc. under operating leases for base rental of premises in Brudenell and Mill River expiring in August 2004 and 2075 are as follows:

	$
Year ending March 31, 2005	25,453
2006	1
2007	1
2008	1
2009	1

In addition to the base lease rentals, there is a requirement to pay the company's pro-rata share, based on rented space, of the operating costs including property taxes of the premises.

9 Mill River Fun Park

During the 2002 fiscal year, Tourism PEI was conveyed land in Bloomfield from Mill River Fun Park Ltd. and the Province of Prince Edward Island at an established nominal value of $1. The Mill River Fun Park operations are included in Provincial Parks revenue and expenditures.

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West Prince Health Region

Financial Statements

March 31, 2004

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the Board of
West Prince Health Region:

We have audited the balance sheet of **West Prince Health Region** as at March 31, 2004 and the statements of revenue and expenses, cash flows, and tangible capital assets for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2004 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting recommendations.

Grant Thornton LLP

Summerside, Prince Edward Island
June 4, 2004

Grant Thornton LLP
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West Prince Health Region
Statement of Revenue and Expenses

Year Ended March 31	2004	2003
Revenue		
Department of Health and Social Services	$ 22,134,714	$ 20,080,639
Donations	407,008	171,499
Other (Note 5)	396,675	337,448
Patient / Client fees	367,498	583,601
Special projects	169,109	9,169
Interest	7,923	9,023
	23,482,927	21,191,379
Expenses		
Child and Family Services	6,608,703	6,352,509
Community Hospital	4,448,733	4,448,758
Western Hospital	4,270,331	3,998,860
Maplewood Manor	3,289,296	3,126,903
Home Care and Support	1,543,706	1,429,661
Community Hospital - Long Term Care	1,048,686	
Community Grants	605,473	567,261
Public Health Nursing	354,728	280,911
Job Creation program	327,993	138,496
Mental Health	321,117	201,459
Housing Services	265,727	295,198
Addictions	229,225	205,359
Community Development	169,209	146,004
	23,482,927	21,191,379
Excess of expenses over revenues	$ NIL	$ NIL

See accompanying notes to the financial statements.

West Prince Health Region
Balance Sheet

March 31	2004	2003
Assets		
Current		
Cash - unrestricted	$ 105,795	$ 122,052
Cash - restricted	19,058	20,203
Receivables (Note 3)	2,492,394	1,841,945
Prepaid expenses	110,404	129,581
	$ 2,727,651	$ 2,113,781
Liabilities		
Current		
Payables and accruals (Note 4)	$ 2,714,720	$ 2,101,306
Funds held in trust	12,931	12,475
	$ 2,727,651	$ 2,113,781

On behalf of the Board

________________ Board Member ________________ Board Member

See accompanying notes to the financial statements.

West Prince Health Region
Statement of Cash Flows

Year Ended March 31	2004	2003
Increase (decrease) in cash and cash equivalents		
Operating		
Cash - restricted	$ 1,145	$ (295)
Receivables	(650,449)	(284,413)
Prepaid expenses	19,177	(24,140)
Payables and accruals	613,414	259,931
Funds held in trust	456	(1,459)
Net decrease in cash and cash equivalents	(16,257)	(50,376)
Cash and cash equivalents, beginning of year	122,052	172,428
Cash and cash equivalents, end of year	$ 105,795	$ 122,052

See accompanying notes to the financial statements.

West Prince Health Region
Statement of Tangible Capital Assets

Year Ended March 31

						2004	2003
	Land	Pavement	Buildings	Equipment	Vehicle	**Total**	Total
Cost of Tangible Capital Assets							
Opening cost	$ 50,917	$ 10,223	$ 20,389,006	$ 4,541,411	$ 21,510	**$ 25,013,067**	$ 24,767,719
Additions			1,200,000	457,936		**1,657,936**	245,348
Closing cost	50,917	10,223	21,589,006	4,999,347	21,510	**26,671,003**	25,013,067
Accumulated Depreciation							
Opening balance		10,223	4,701,306	2,889,700	17,894	**7,619,123**	6,893,743
Add: depreciation			539,725	237,978	1,085	**778,788**	725,380
Closing balance		10,223	5,241,031	3,127,678	18,979	**8,397,911**	7,619,123
Net Carrying Amount of Tangible Capital Assets	$ 50,917	$ NIL	$ 16,347,975	$ 1,871,669	$ 2,531	**$ 18,273,092**	$ 17,393,944

See accompanying notes to the financial statements.

West Prince Health Region
Notes to the Financial Statements
March 31, 2004

1. Nature of operations

West Prince Health Region, a non-profit organization , operates under the Region of the Health and Community Services Act, Part III (the "Act").

The core services that are managed by West Prince Health on behalf of residents of West Prince and the Province of Prince Edward Island are:

Program / Service

Child and Family Services
Community Hospital
Western Hospital
Maplewood Manor
Home Care and Support
Community Hospital - Long Term Care
Community Grants
Public Health Nursing
Job Creation Program
Mental Health
Housing Services
Addictions
Community Development

2. Summary of significant accounting policies

Basis of accounting

West Prince Health Region follows the accounting recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Revenue recognition

West Prince Health follows the deferral method of accounting for grants for special projects. Grants restricted for special projects are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts.

West Prince Health Region
Notes to the Financial Statements
March 31, 2004

2. Summary of significant accounting policies (cont'd)

Financial support overpayments

Financial support overpayments are recorded as receivable when identified with a full provision as a doubtful account. Recoveries of financial support overpayments are credited to financial support expenditures when received.

Tangible capital assets

Capital assets are recorded at cost on the Statement of Tangible Capital Assets. Amortization of capital assets is recorded on the Statement of Tangible Capital Assets using the straight line method at the annual rate of 10% for pavement; 2.5% for buildings; 2.5% and 6.25% for equipment. The declining balance method is used for vehicles with an annual rate of 30%.

Tangible capital assets are expensed as a component of program costs in the year of acquisition. During the year, capital asset purchases of $457,936 (2003 - $245,348) were expensed. The Region received designated funding for capital purchases in the amount of $426,008 (2003 - $196,078) during the year.

Inventory

Inventory in the amount of $232,210 (2003 - $246,272) has not been reflected on the balance sheet.

Vacation pay

Vacation pay is recorded as a liability when earned.

Pension plans

Employees of West Prince Health belong to different pension plans according to their historical workplace. Hospital employees are part of the uniform pension plan for employees of all Prince Edward Island hospitals. All other employees are part of the uniform pension plan of the civil service of Prince Edward Island. The hospital pension plan is a defined benefit pension plan for basic pension contributions and defined contribution pension plan for supplementary pension contributions. According to the most recent actuarial report date January 1, 2003 employer contributions to the pension plan are not sufficient to meet the requirements of the plan and an unfunded liability existed at that date. The civil service pension plan is the defined benefit pension plan of the Province of Prince Edward Island. For employees belonging to this plan, the employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of Prince Edward Island. These pension plans are not reflected in the financial statements.

West Prince Health Region
Notes to the Financial Statements
March 31, 2004

2. Summary of significant accounting policies (cont'd)

General

These financial statements do not include the assets, liabilities and activities of the O'Leary Community Health Foundation Inc. or the Western Hospital Foundation Inc. or the auxiliaries.

Other

West Prince Health Region acts as an agent for the Province of Prince Edward Island for the collection of revenue for certain regional programs. During the year revenue was collected in the following areas:

Community Hospital – Long Term Care
Maplewood Manor
Housing Services
Home Care and Support
Public Health Nursing

Revenues collected are not reflected in the body of the financial statements.

3. **Receivables**	2004	2003
Financial support overpayments	$ 195,531	$ 198,308
Patients	128,772	94,384
Other	331,333	114,050
Department of Health and Social Services		
Operating	1,334,262	1,100,222
Other	698,027	533,289
	2,687,925	2,040,253
Less: allowance for doubtful accounts	195,531	198,308
	$ 2,492,394	$ 1,841,945

West Prince Health Region
Notes to the Financial Statements
March 31, 2004

4. Payables and accruals

	2004	2003
Trade	$ 914,722	$ 605,317
Salaries and benefits	1,797,503	1,476,799
Deferred revenue - Department of Health and Social Services Capital		19,000
Deferred revenue - other	2,495	190
	$ 2,714,720	$ 2,101,306

5. Other income

	2004	2003
Salary recovery	$ 166,138	$ 161,457
Cafeteria sales	82,391	78,462
Department of Health and Social Services - other	68,779	33,643
Mental Health grants	10,200	32,300
Other sales	32,892	14,526
Department of Health and Social Services - capital grants	19,000	8,500
Rental	15,761	7,532
Outpatient department recoveries	1,514	1,028
	$ 396,675	$ 337,448

6. Comparative figures

Certain comparative figures have been restated to agree to the financial statement presentation adopted in the current year.

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Western School Board
Financial Statements

June 30, 2003

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Shareholder of
Western School Board

We have audited the operating and capital fund balance sheets of **Western School Board** as at June 30, 2003 and the statements of revenue, expenses and operating deficit and capital surplus for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles adopted for Prince Edward Island Regional School Boards.

Summerside, Prince Edward Island
October 20, 2003

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Western School Board
Statement of Revenue, Expenses and Operating Deficit

Year Ended June 30		2003		2002	
Revenue			%		%
Grants from the Department of Education					
Administration		$ 536,700	1.1	$ 388,700	0.8
Capital expenditures		1,383,713	2.6	766,241	1.6
Instructional supplies		624,300	1.2	579,400	1.2
Inservice		12,800		12,800	
Professional development		34,600	0.1	33,900	0.1
Salaries and benefits		39,827,816	75.9	38,097,590	80.4
Maintenance and operation		2,159,100	4.1	2,151,100	4.5
Transportation		688,500	1.3	688,500	1.5
Other revenue (Note 4)		54,394	0.1	82,186	0.1
Unfunded depreciation		2,031,825	3.9	1,759,451	3.7
Special projects					
Education Alternative Program		120,000	0.2	120,000	0.3
Other		146,031	0.3	174,435	0.4
School repairs		4,604,546	8.8	2,319,943	4.9
Special funding grants		221,702	0.4	256,000	0.5
		52,446,027	100.0	47,430,246	100.0
Expenses	Page				
Administration	9	728,511	1.4	722,252	1.5
Capital expenditures	10	1,347,022	2.5	541,507	1.1
Instructional supplies	11	677,326	1.2	670,770	1.4
Inservice		8,130		8,964	
Professional development	12	81,239	0.2	82,981	0.2
Salaries and benefits	13	39,721,614	74.9	37,933,013	80.0
Maintenance and operation	14	2,847,202	5.4	2,257,974	4.8
Transportation	15	889,009	1.7	841,765	1.8
Depreciation		2,031,825	3.8	1,759,451	3.7
Special projects					
Other				148,264	0.3
School repairs	10	4,604,546	8.7	2,319,943	4.9
Education Alternative Program		120,000	0.2	120,000	0.3
		53,056,424	100.0	47,406,884	100.0
(Deficiency), surplus of revenue over expenses		$ (610,397)		$ 23,362	

	2003	2002
Operating surplus (deficit), beginning of year	$ 23,362	$ (410,032)
Deficit reduction grant		410,032
(Deficiency), surplus of revenue over expenses	(610,397)	23,362
Operating (deficit) surplus, end of year	$ (587,035)	$ 23,362

See accompanying notes to the financial statements.

Western School Board
Balance Sheet - Operating Fund

June 30	2003	2002
Assets		
Current		
Cash	$ 308,128	$ 693,010
Receivables		
Grants, Province of Prince Edward Island	2,203,935	2,088,014
Miscellaneous	246,479	230,676
	2,758,542	3,011,700
Trust Funds (Note 3)	114,500	114,796
	$ 2,873,042	$ 3,126,496
Liabilities		
Current		
Payables and accruals		
General	$ 510,658	$ 310,234
Salaries and benefits	2,453,456	2,120,009
Province of P.E.I. - current operations	246,259	149,814
Deferred revenue (Note 5)	135,204	408,281
	3,345,577	2,988,338
Trust Funds (Note 3)	114,500	114,796
	3,460,077	3,103,134
(Deficit) surplus		
Operating (deficit) surplus	(587,035)	23,362
	$ 2,873,042	$ 3,126,496

On behalf of the Board

Trustee Trustee

See accompanying notes to the financial statements.

Western School Board
Balance Sheet - Capital Fund

June 30			2003	2002
Assets				
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 918,876		**$ 918,876**	$ 918,876
Buildings	69,457,138	$ 22,397,089	**47,060,049**	43,959,072
Furniture and equipment	10,419,482	8,885,005	**1,534,477**	1,364,022
Paving	251,172	223,228	**27,944**	55,889
Buses	7,387,254	5,282,163	**2,105,091**	1,543,179
Service vehicles	93,892	93,892		
	$ 88,527,814	$ 36,881,377	**$ 51,646,437**	$ 47,841,038
Surplus				
Capital surplus (Page 5)			**$ 51,646,437**	$ 47,841,038

On behalf of the Board

_______________ Trustee _______________ Trustee

See accompanying notes to the financial statements.

Western School Board
Statement of Capital Surplus

Year Ended June 30	2003	2002
Capital surplus, beginning of year	$ 47,841,038	$ 46,837,941
Add:		
Major renovations - buildings	4,307,666	2,220,167
Buses	1,088,313	472,741
Furniture and equipment	441,245	69,640
	5,837,224	2,762,548
Deduct:		
Depreciation		
Buildings	1,206,689	1,127,155
Buses	526,402	363,642
Furniture and equipment	270,790	240,710
Paving	27,944	27,944
	2,031,825	1,759,451
Capital surplus, end of year	$ 51,646,437	$ 47,841,038

See accompanying notes to the financial statements.

Western School Board
Notes to the Financial Statements
June 30, 2003

1. Nature of operations

The Board operates as a not-for-profit organization that provides for primary and secondary education requirements for people within their jurisdiction.

2. Summary of significant accounting policies

Depreciation

Depreciation is recorded on the diminishing balance basis for buildings at the rate of 2.5% and furniture and equipment at the rate of 15%. Depreciation is recorded on the straight line basis for school buses at 12% and service vehicles and pavement at the rate of 20%.

Capitalization of fixed assets

Land, buildings, furniture and equipment are shown at values carried in the accounts of the former school boards at June 30, 1972 with subsequent additions at cost. Buses are recorded at cost. Effective July 1, 1995 pavement additions are shown separately in the Capital Fund. Prior to July 1, 1995, pavement additions were included with buildings.

Only those purchases which exceed $25,000 are capitalized in the Capital Fund. The total capital expenditures and related capital grants are reported on the Statement of Revenue, Expenses and Operating Surplus. The allocation of amounts capitalized is disclosed on the Schedule of Capital Expenditures (Page 10).

Schools constructed and renovated by the Prince Edward Island Department of Public Works and school buses purchased by the Provincial Government are recorded as property and equipment in the capital fund when title is passed.

The cost of 6 buses ($446,711) purchased by the Provincial Government in 2002 were not included in the 2001-2002 Financial Statements; they are included with those purchased in the current fiscal year.

Unfunded depreciation on property and equipment

Unfunded depreciation on property and equipment is a revenue amount offsetting depreciation expense. The Department of Education does not fund depreciation on a current basis.

Commitments

Included in payables and accruals are outstanding commitments of $252,567 (2002 - $79,334) pertaining to the school year for which the goods and services are to be received or provided subsequent to year end.

Western School Board
Notes to the Financial Statements

June 30, 2003

2. Summary of significant accounting policies (cont'd)

Inventories, at the lower of cost and net realizable value

Bus parts inventory and classroom supplies on hand have not been reflected on the Balance Sheet. All such supplies have been written off when purchased.

Vacation pay and service gratuities

No liability has been recorded in these financial statements for accrued but unpaid vacation pay and service gratuities. The Board receives direct funding from the Province of Prince Edward Island on an annual basis to cover such costs.

Deferred revenue

The unexpended portion of grants received for specific purchases is deferred and used for the related future purchases.

Pension plans

Instructional employees of the Board are members of defined benefit pension plans of the Province of Prince Edward Island. The expense of the Board is limited to current year contributions as any shortfall in funding of the pension plan is the responsibility of the Province of Prince Edward Island. Non-instructional employees are members of a defined benefit / defined contribution pension plan. The expense of the Board is limited to a matching contribution equal to the employee's portion. In addition, the Province of Prince Edward Island provides grants to fund the Board's portion of contributions to the pension plan.

3. Trust funds

Trust funds are comprised of contributions from various sources that are maintained by the Board. The interest that is earned on the contributions may be disbursed for specified educational purposes.

4. Other revenue

	2003	2002
Interest	$ 132	$ 498
Rentals	27,521	68,984
Gain on sale of assets	5,027	10,316
Miscellaneous	7,777	2,388
Insurance proceeds	13,937	
	$ 54,394	$ 82,186

Western School Board
Notes to the Financial Statements
June 30, 2003

5. Deferred revenue	**2003**	2002
Funds designated for;		
Maintenance and transportation		$ 144,000
Bus purchases		100,000
International exchange program		20,000
Capital funding	**$ 100,000**	106,697
Grass roots program		10,200
Pilot projects	**25,042**	18,496
Teaching Strategies	**2,666**	
Inclusion	**2,407**	
Other	**5,089**	8,888
	$ 135,204	$ 408,281

Western School Board
Schedule of Administration Expenses

Year Ended June 30	2003	2002
Advertising	$ 14,633	$ 13,269
Bank charges	37	152
Computer software	5,863	355
Courier services	24,623	22,736
Employee allowances	75	246
Freight and express	2,331	1,238
Graduation expenses	1,638	2,925
Insurance	59,448	63,420
Miscellaneous	702	2,558
Non-capital equipment	31,485	20,185
Photocopying	10,194	23,127
Postal services	17,152	17,000
Printing	27,612	26,387
Professional services	105,644	97,339
Public/staff relations	39,323	31,400
Rental - equipment/facilities		246
Student relations	10,212	6,120
Supplies	40,271	48,480
Telephone	134,364	152,075
Travel - staff	130,268	119,174
Trustee expenses	15,664	19,794
Trustee professional development	27,269	24,323
Trustee remuneration	29,703	29,703
	$ 728,511	$ 722,252

Western School Board
Schedule of Capital Expenditures

Year Ended June 30	Greater than $25,000	Less than $25,000	**Total 2003**	Total 2002
Audio visual equipment		$ 4,618	**$ 4,618**	$ 1,410
Building renovations	$ 4,307,666	30,971	**4,338,637**	2,248,377
Classroom equipment, furniture	292,132	1,479	**293,611**	76,710
Computer equipment				
- administration	149,113		**149,113**	12,186
- program		18,145	**18,145**	15,321
- transportation		1,636	**1,636**	
Industrial arts – equipment		3,608	**3,608**	
Janitorial equipment		1,064	**1,064**	
Maintenance equipment				357
Miscellaneous equipment		3,441	**3,441**	39
Music equipment		4,239	**4,239**	12,671
Office/administration equipment & furniture		1,343	**1,343**	9,008
Physical education equipment				2,562
Playground equipment		3,112	**3,112**	1,730
School buses (Note 2)	1,088,313	1,048	**1,089,361**	477,165
Service vehicles		30,001	**30,001**	
Vehicle repair equipment		4,789	**4,789**	
Vocational equipment		4,850	**4,850**	3,914
	$ 5,837,224	$ 114,344	**$ 5,951,568**	$ 2,861,450

The above totals are comprised of the following:

	2003	2002
Capital expenditures	**$ 1,347,022**	$ 541,507
Special projects - school repairs	**4,604,546**	2,319,943
	$ 5,951,568	$ 2,861,450

Western School Board
Schedule of Instructional Expenses

Year Ended June 30	2003	2002
Program		
Art	$ 8,234	$ 11,079
A / V services	16,256	17,635
Career and technology studies	17,438	16,480
Computer literacy	4,207	9,081
Computer software	4,637	3,928
Co-operative education	309	272
Drama	1,045	1,150
Duplicating / photocopying	199,827	200,036
English / language arts	1,838	2,226
Enrichment education	380	118
Family living / home economics	9,882	13,122
French	1,248	2,369
Guidance	14,738	5,139
Health / first aid	5,694	3,265
Industrial arts	15,952	21,084
Language development	755	1,427
Library / resource centre	45,045	44,601
Mathematics	1,164	1,232
Miscellaneous	5,722	3,953
Music	40,804	37,866
Non-capital equipment	32,165	49,401
Physical education	38,194	31,246
Resource room / remedial	2,407	2,696
School psychologist	5,382	4,671
Science	11,361	13,939
Social studies	878	450
Special education	14,967	14,351
Supplies	107,220	88,297
Vocational (agricultural)	525	292
Vocational (business)	1,668	1,656
Vocational (carpentry)	24,011	22,115
Vocational (computer repair)	961	803
Vocational (cosmetology)	5,240	4,977
Vocational (robotics)	2,252	926
Vocational (electronics)	2,096	1,986
Vocational (graphics / drafting)	6,023	6,392
Vocational (motor vehicle)	11,498	13,216
Vocational (small engines)	1,899	3,186
Vocational (welding)	13,404	14,107
	$ 677,326	$ 670,770

Western School Board

Schedule of Professional Development Expenses

Year Ended June 30	2003	2002
Administrative group	$ 4,816	$ 2,972
Board consultants	7,385	1,665
Board Office - admin support	2,774	1,154
Instructional management	20,459	34,343
Little Red School House	4,834	4,682
Maintenance group	2,715	700
Non-instructional management	1,472	911
School - admin support	563	
School - supervisory	9,215	6,992
School teachers	18,480	11,225
Teacher assistants	2,259	2,439
Transportation group	6,267	15,898
	$ 81,239	$ 82,981

Western School Board

Schedule of Salaries and Benefits Expenses

Year Ended June 30	2003	2002
Board administration support	$ 565,406	$ 542,825
Board supervisory	644,951	642,199
Instructional supervisory	3,298,311	3,292,457
Instructional non-supervisory	26,233,891	25,004,460
Maintenance and operation	2,808,691	2,773,196
School administration support	900,125	889,161
Teacher assistants	2,297,333	1,975,581
Transportation	2,972,906	2,813,134
	$ 39,721,614	$ 37,933,013

Note:

Board administration support includes board office, clerical and secretarial staff.

Board supervisory salaries include superintendent, director of instruction and special education, director of human resources development, business director and consultants.

School administration support includes school secretarial staff.

Instructional supervisory salaries include principals, vice-principals, department heads and co-ordinators.

Instructional non-supervisory salaries include all teaching staff excluding those listed above.

Maintenance and operations salaries include building and maintenance supervisor, janitorial and maintenance staff.

Transportation salaries include transportation supervisor, bus driver staff and bus depot staff.

Retirement pay and service gratuity expenses are included in the applicable expense categories above.

Western School Board
Schedule of Maintenance and Operation Expenses

Year Ended June 30	2003	2002
Building repairs	**$ 284,719**	$ 273,204
Contract cleaning	**7,905**	7,382
Electricity	**736,426**	652,958
Employee allowances	**8,192**	9,928
Equipment and furniture repairs	**52,944**	48,246
Fire department dues	**500**	642
Fuel - heating	**1,048,614**	664,341
Grounds	**47,053**	46,199
Insurance	**98,954**	61,352
Miscellaneous	**4,510**	845
Non-capital equipment	**13,628**	7,059
Professional services	**7,784**	5,631
Property taxes	**5,607**	5,081
Rentals - equipment	**6,538**	6,431
Rentals - facilities	**21,878**	30,045
Security	**16,810**	16,182
Service contracts	**41,384**	54,381
Service vehicles - operating	**10,039**	6,597
Sewer charges	**26,166**	24,456
Snow removal	**77,387**	71,288
Supplies	**193,715**	188,980
Waste disposal	**118,392**	62,119
Water	**18,057**	14,627
	$ 2,847,202	$ 2,257,974

Western School Board
Schedule of Transportation Expenses

Year Ended June 30	2003	2002
Bus repairs	$ 218,094	$ 229,114
Communications	68,343	56,751
Contracted transportation	6,623	13,492
Electricity and employee allowances	3,557	3,343
Extra curricular	20,227	31,831
Fuel - diesel	383,290	327,086
- gasoline	25,650	22,381
Insurance	79,297	60,247
Miscellaneous	5,399	2,844
Non-capital equipment	2,848	2,122
Oil/lubricants	16,068	17,667
Professional services	16,375	10,586
Service contracts	300	1,089
Service vehicles - operating	1,468	1,292
Snow removal	12,710	11,349
Supplies	3,294	4,599
Tires	25,466	45,972
	$ 889,009	$ 841,765

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Financial Information

Workers Compensation Board
of Prince Edward Island

Actuarial Certificate

We have completed an actuarial valuation of the benefits liabilities for insured employers under the Workers Compensation Act of Prince Edward Island as at December 31, 2003, for the purpose of providing input to the Financial Statements of the Board.

Our estimate of the benefits liabilities of $100,965,000 represents the actuarial present value at December 31, 2003, of expected benefit payments of all types which will be made in future years, and which relate to claims arising from events that occurred on or before December 31, 2003. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease or for future expenses of administration of existing claims. No allowance has been made for any possible future deviations from the present policies and practices of the Board or for the extension of new coverage types.

All liabilities have been calculated using an underlying assumption of 3.75% real rate of return on invested assets. Rates of increase in the Consumer Price Index are assumed to be 4.0% per annum.

The liabilities, in respect of temporary wage loss, lump-sum payments, hospital, medical aid, and rehabilitation benefits, have been determined from projections of future claim payments. These projections have been based on factors developed from the Board's claims experience and average benefit payments in recent years.

Additional information regarding our actuarial valuation is provided in our more detailed valuation report to the Board.

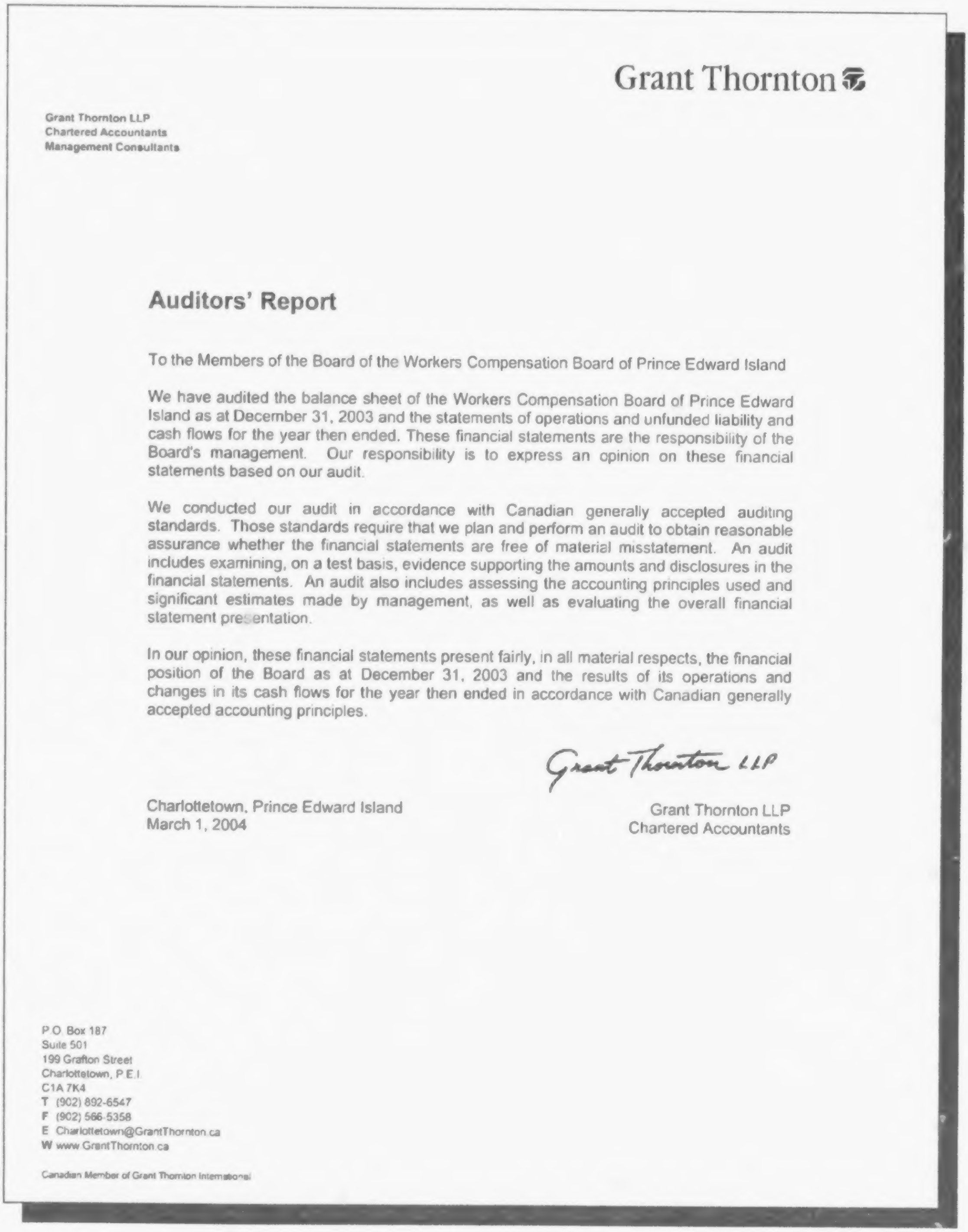
We have reviewed the data which were used for the valuation to test for reasonableness and consistency with the data available from other sources. In our opinion, the data are sufficient and reliable for the purpose of this valuation.

In our opinion, the actuarial assumptions are appropriate for the purpose of the valuation and the methods employed are consistent with sound actuarial principles. Our valuation report has been prepared and our opinions have been given in accordance with accepted actuarial principles.

Paul Conrad

Paul G. Conrad FCIA, FSA, MAAA
Eckler Partners Ltd.
March, 2004

Auditors' Report



Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the Board of the Workers Compensation Board of Prince Edward Island

We have audited the balance sheet of the Workers Compensation Board of Prince Edward Island as at December 31, 2003 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2003 and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Charlottetown, Prince Edward Island
March 1, 2004

Grant Thornton LLP
Chartered Accountants

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Financial Statements

STATEMENTS OF OPERATIONS AND UNFUNDED LIABILITY

Year Ended December 31	2003	2002
Revenues		
Current assessments	$ 24,596,475	$ 22,797,397
Self insured employers (Note 11)	2,146,908	2,117,809
Investments (Note 4)	2,602,806	1,348,406
Recoverable administration fees and interest charges to self insured employers (Note 11)	530,085	513,098
	29,876,274	26,776,710
Expenditures		
Expected increase (Note 7)	7,345,000	7,242,000
Changes in actuarial assumptions and methodology (Note 7)	2,096,000	-
Experience gains and losses (Note 7)	(2,104,000)	(3,713,498)
Claims costs incurred (Note 7)	11,216,000	11,376,000
Claims costs incurred self insured employers (Note 11)	2,146,908	2,117,809
	20,699,908	17,022,311
	9,176,366	9,754,399
Administration (Page 29)	4,926,784	4,707,546
Occupational health and safety (Note 9)	678,391	649,809
Workers' Adviser Program (Note 10)	120,087	108,221
Appeals Tribunal (Note 10)	18,319	16,727
	5,743,581	5,482,303
Excess of revenues over expenditures	$ 3,432,785	$ 4,272,096
Unfunded liability, beginning of year	$(25,647,162)	$(29,919,258)
Excess of revenues over expenditures	3,432,785	4,272,096
Unfunded liability, end of year	$(22,214,377)	$(25,647,162)

See accompanying notes to the financial statements.

Financial Statements

BALANCE SHEET

December 31	2003	2002
Assets		
Receivables (Note 3)	$ 1,842,545	$ 1,330,202
Investments (Note 4)	75,503,280	67,735,407
Capital assets (Note 5)	2,600,258	2,415,657
	$ 79,946,083	$ 71,481,266
Liabilities and Net Fund Deficiency		
Payables and accruals	$ 752,132	$ 486,619
Benefits liabilities (Note 7)	100,965,000	95,944,000
Capital lease obligation	-	104,461
Debenture payable (Note 8)	443,328	593,348
	102,160,460	97,128,428
Net fund deficiency and unfunded liability (Note 13)	(22,214,377)	(25,647,162)
	$ 79,946,083	$ 71,481,266

Contingent liabilities (Note 12)

On behalf of the Board

Chairman

Carol Anne Duffy Chief Executive Officer

See accompanying notes to the financial statements.

Financial Statements

STATEMENT OF CASH FLOWS

Year Ended December 31	2003	2002
Cash flow from operating activities		
Cash received from:		
Employers for assessments	**$ 23,977,532**	$ 22,689,303
Self insured employers for assessments	**2,266,872**	2,184,574
Investments and other	**2,589,442**	1,420,858
Strait Crossing project account	**-**	6,300,000
	28,833,846	32,594,735
Cash paid:		
To claimants or third parties on their behalf	**(15,678,906)**	(15,548,311)
For administration requirements and other goods	**(1,125,301)**	(1,329,162)
For salaries to employees	**(3,491,763)**	(3,207,809)
Interest on long term debt and capital leases	**(42,088)**	(48,365)
	(20,338,058)	(20,133,647)
Net cash provided by operating activities	**8,495,788**	12,461,088
Cash flow from investing activities		
Cash paid for the purchase of capital assets	**(473,434)**	(60,053)
Cash flow from financing activities		
Cash paid for:		
Decrease in bank indebtedness	**-**	(715,422)
Repayment on capital leases	**(104,461)**	(91,565)
Repayment of long term debt	**(150,020)**	(150,020)
Net cash used by financing activities	**(254,481)**	(957,007)
Net increase in cash and investments	**7,767,873**	11,444,028
Cash and investments		
Beginning of year	**67,735,407**	56,291,379
End of year	**$ 75,503,280**	$ 67,735,407

See accompanying notes to the financial statements.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2003

1. Nature of operations

The Workers Compensation Board of Prince Edward Island (the Board) was established by the Prince Edward Island Legislature in 1949 under the *Workers Compensation Act* (the Act). The Board is responsible, in accordance with the provisions of the Act, for administering the payment of benefits to or on behalf of recovering workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Board within the guidelines established by the Act, and for administering the *Occupational Health and Safety Act*. On January 1, 1995 the current Act became effective.

The Board does not receive government funding.

2. Summary of significant accounting policies

Cash and investments
Cash and investments include cash on hand, balances with banks, net of bank overdrafts, and the Board's share of investments held in a pooled fund with the Workplace Health, Safety and Compensation Commission of New Brunswick. Bank borrowings are considered to be financing activities.

Accrued assessments receivable
At the beginning of each year, an assessment is levied on non-monthly employers by applying industry assessment rates to their estimated payrolls. During the year, employers' actual payrolls may vary from their estimate, therefore, at year end, accrued assessments receivable are adjusted based on payroll adjustments from the prior year. The accrued assessments are determined excluding those employers whose assessment is levied on a monthly basis.

Investments
Fixed term investments are carried at amortized cost. Gains or losses realized on disposal of fixed term investments are amortized on a straight line basis over a nine year period, which approximates the period to maturity.

Equity investments and option contracts are stated at moving average market value. A portion of unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equity investments, are deferred and amortized on a straight line basis over a five and four year period.

Equity investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income from equities is translated at the rate in effect at the time the income is received.

2. Summary of significant accounting policies (con't)

Capital assets

Property and equipment are reported at cost and are depreciated over their estimated lives on the straight line basis for building and computer equipment under capital lease and on the declining balance basis for furniture and equipment, and computer programs and equipment. The rates used are as follows:

Building	40 years, straight line
Furniture and fixtures	10%, declining balance
Computer programs and equipment	20%, declining balance
Computer equipment under capital lease	5 years, straight line

Benefits liabilities

An independent consulting actuary completes a valuation of the components of the benefits liabilities of the Board on an annual basis.

The benefits liabilities represent the actuarial present value of all future benefits payments expected to be made for claims which occurred in the current fiscal year or in any prior year. The benefits liabilities include provision for all benefits provided by current legislation policies and/or administrative practices in respect of existing claims. No provision has been made for future claims related to latent occupational disease because they cannot be reasonably estimated.

Financial instruments

The Board's financial instruments consist of cash, accounts receivable, temporary and long-term investments, bank indebtedness, accounts payable, capital lease obligations, and long-term debt. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

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3. Receivables

	2003	2002
Assessments	**$1,257,294**	$1,110,447
Accrued assessments	**452,584**	(19,512)
Other	**117,342**	103,978
Self-insured employers	**15,325**	135,289
	$1,842,545	$1,330,202

4. Investments	**2003**	**2002**
Money market (market value - $5,092,020; 2002 - $5,265,812)	**$ 5,156,643**	$ 5,340,968
Fixed term investments (market value - $24,789,495; 2002 - $20,260,406)	**25,077,303**	20,325,828
Equities (market value - $47,255,922; 2002 - $38,868,431)	**41,883,074**	41,301,672
	72,117,020	66,968,468
Deferred realized investment losses	**3,386,260**	766,939
	$ 75,503,280	$ 67,735,407

Deferred realized investment losses		
Balance, beginning of the year	**$ (766,939)**	$ 2,406,732
Realized net investment losses for the year	**(2,673,157)**	(2,308,862)
	(3,440,096)	97,870
Amortization to investment income	**53,836**	(864,809)
Balance, end of the year	**$ (3,386,260)**	$ (766,939)

Investment income		
Earned during the year, net of portfolio management expenses	**$ 1,734,107**	$ 1,444,439
Amortization of deferred realized investment (losses) gains	**(53,836)**	864,809
Amortization of deferred unrealized investment gains (losses)	**922,535**	(960,842)
	$ 2,602,806	$ 1,348,406

Investment agreement
The Board has entered into an Investment Agreement (January 1995) for the management of its investment assets with those of the Workplace Health, Safety and Compensation Commission of New Brunswick. These financial statements report the Board's proportionate share of the investment assets held in the pooled fund which was 10.5% at December 31, 2003 (2002 – 9.7%). The Board pays a fee to the Workplace Health, Safety and Compensation Commission of New Brunswick for the administration of the combined investments.

Foreign exchange risk management
The Board has certain investments denominated in foreign currencies. The Board does not undertake long term hedging strategies for the currency risk of foreign investments. Currency fluctuations may affect investment returns.

Credit risk management
Credit risk on fixed term investments arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Policy guidelines have been established surrounding the pooled fund to ensure fixed term investments have a credit rating of A or higher.

4. Investments (con't)

Interest risk management

Fluctuations in interest rates are managed by varying the duration of the fixed income portfolio. The table below presents the remaining term to maturity of the Board's outstanding fixed term investments.

	Remaining Term to Maturity				
	Within 1 Year	From 1 Year to 5 Years	Over 5 Years	**Total 2003**	Total 2002
Fixed term investments (market value)	$ 151,244	$ 10,366,739	$ 14,271,512	**$ 24,789,495**	$ 20,260,406

The average effective yield of these fixed term investments is 4.36% (2002 – 4.56%) per annum based on market value.

5. Capital assets

			2003	2002
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 368,460		**$ 368,460**	$ 368,460
Building	1,263,102	$ 227,012	**1,036,090**	1,041,699
Furniture and fixtures	1,763,657	1,245,094	**518,563**	562,712
Computer programs and equipment	2,422,720	1,745,575	**677,145**	357,456
Computer equipment under capital lease	-	-	**-**	85,330
	$5,817,939	$3,217,681	**$2,600,258**	$2,415,657

6. Bank indebtedness

The Board has a $3,500,000 unsecured operating line of credit of which nil is used at December 31, 2003.

7. Benefits liabilities

An analysis of the components of and changes in benefits liabilities is as follows:

					2003	2002
	Temporary Wage Loss	Pension and Extended Wage Loss	Health Care	Rehabilitation	**Total**	Total
Balance, beginning of year	$ 3,729,000	$ 75,480,000	$ 13,628,000	$ 3,107,000	**$ 95,944,000**	$ 94,470,000
Expected increase	286,000	5,770,000	1,047,000	242,000	**7,345,000**	7,242,000
Increase arising from change in actuarial assumptions and methodology	-	1,525,000	561,000	10,000	**2,096,000**	-
Experience gains and losses	(83,000)	(1,585,000)	73,000	(509,000)	**(2,104,000)**	(3,713,498)
	3,932,000	81,190,000	15,309,000	2,850,000	**103,281,000**	97,998,502
Claims costs incurred	3,073,000	4,165,000	3,142,000	836,000	**11,216,000**	11,376,000
	7,005,000	85,355,000	18,451,000	3,686,000	**114,497,000**	109,374,502
Less: Claims payments made	(3,151,000)	(6,210,000)	(3,372,000)	(799,000)	**(13,532,000)**	(13,430,502)
Balance, end of year	$ 3,854,000	$ 79,145,000	$ 15,079,000	$ 2,887,000	**$ 100,965,000**	$ 95,944,000

An independent actuarial valuation of the components of the benefits liabilities as at December 31, 2003 was completed.

Changes in actuarial assumptions and methodology
During the 2003 actuarial valuation, certain assumptions and methodology were changed. The monetary effect is allocated as follows:

Change in method of estimating future extended wage loss awards	**$ 1,535,000**	$ -
Increase in medical costs assumptions	**561,000**	-
	$ 2,096,000	$ -

The monetary effect of the changes in actuarial assumptions and methodology is reflected in the applicable year that the change was adopted.

All liabilities were calculated using the underlying assumption of a 7.75% (2002 - 7.75%) gross rate of return per annum. This results from the assumptions of a 3.75% (2002 – 3.75%) real rate of return on assets and rates of increase in inflation equal to 4% per annum (2002 – 4%).

Benefits liabilities of self-insured employers are not included in the benefits liability. These liabilities will be borne by those employers when paid in future years, they do not add to the Board's unfunded liability or its net fund deficiency.

8. Debenture payable

	2003	2002
Unsecured, prime rate debenture maturing in 2006, amortized to 2006 payable in equal monthly payments of $12,502 plus interest.	$ 443,328	$ 593,348

Principal repayments due in each of the next three years (until maturity) are as follows: 2004 - $150,020; 2005 - $150,020; 2006 - $143,288.

9. Occupational health and safety

Occupational health and safety are administration costs incurred to provide this program including wages and employee benefits, printing and publications, travel, training, dues and fees, and supplies.

10. Legislative obligations and other related party transactions

The Board is required by the Act to provide an annual grant to the Workers' Adviser Program. During the year, the Board paid $120,087 (2002 - $108,221) of the Program's expenses.

The Board is required by the Act to pay the operating costs of the Appeals Tribunal. During the year, the Board paid $18,319 (2002 - $16,727) to cover the operating costs of the Tribunal.

11. Self insured employers

These financial statements include the effects of significant transactions carried out for self-insured employers, principally the Government of Canada and the Government of Prince Edward Island, who directly bear the costs of their own incurred claims and an appropriate share of administration expenditure. Total amounts of such assessment revenue and offsetting expenses included in the statements of operations and unfunded liability are as follows:

	2003	2002
Current assessment revenue	$ 2,146,908	$ 2,117,809
Administration fees and interest charges recoverable	530,085	513,098
	$ 2,676,993	$ 2,630,907
Claims costs incurred		
Short term disability	$ 217,025	$ 201,416
Long term disability	1,466,991	1,464,162
Health care	454,350	425,963
Rehabilitation	8,542	26,268
	2,146,908	2,117,809
Administration fees and interest charges	530,085	513,098
	$ 2,676,993	$ 2,630,907

12. Contingent liabilities

Latent occupational diseases

The Board is liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in the financial statements.

13. Funding strategy

The Board has committed to a funding strategy that addresses the retirement of the unfunded liability as at December 31, 2001 over 20 years (2001 – 2021) and addresses the refund or recovery of post-December 31, 2001 surpluses or deficits. Each year, a portion of the assessment revenue will be allocated to the December 31, 2001 unfunded liability. The estimated opening balance of the unfunded liability at January 1, 2002 for the funding strategy was $32,000,000.

December 31, 2001 unfunded liability	
January 1, 2003 balance	$(31,300,000)
2003 allocation	800,000
December 31, 2003	$(30,500,000)
Post-December 31, 2001 operating surplus	
January 1, 2003 balance	$ 5,652,838
Excess of revenue over expenditures 2003 (Page 19)	3,432,785
Allocation to December 31, 2001 unfunded liability	(800,000)
Post-December 31, 2001 operating surplus	$ 8,285,623
Net fund deficiency and unfunded liability	**$(22,214,377)**

A comprehensive review of the funding strategy will be conducted by the Board every 5 years. Commitments to fund the December 31, 2001 unfunded liability to the next comprehensive review date, December 31, 2006, are as follows: 2004 - $800,000; 2005 - $900,000; and 2006 - $1,000,000.

Any post-December 31, 2001 unfunded liability or operating surplus is to accumulate to December 31, 2006. Any accumulated unfunded liability is to be applied proportionately at the group rate level in years 2007-2011. Any accumulated operating surplus is, at the discretion of the Board, to be refunded through assessment rate decreases in the years 2007-2011 or reduce the amortization time period of the December 31, 2001 unfunded liability.

14. Comparative figures

Certain of the 2002 comparative figures have been reclassified to conform with the presentation adopted for 2003.

Schedule of Administration Expenditures

Year Ended December 31	2003	2002
Building operating cost	$ 114,088	$ 106,684
Computer maintenance	159,813	166,874
Depreciation	288,831	228,673
Dues and fees	40,358	34,550
Interest on capital lease	17,505	20,455
Interest on debenture	24,583	27,910
Miscellaneous	39,175	28,852
Postage	83,952	84,071
Printing and office supplies	139,785	132,421
Professional development	38,239	19,513
Professional fees	299,458	474,793
Salaries		
Board members	91,825	93,887
Staff members	2,886,972	2,652,385
Benefits	512,966	461,537
Telephone	66,308	67,453
Travel	122,926	107,488
	$4,926,784	$4,707,546